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Western Economic Opportunities Conference **Conférence sur les perspectives économiques de l'Ouest**

Calgary, Alberta
July 24-26, 1973

Calgary, Alberta
24-26 juillet 1973

Verbatim Record
and Documents

Compte rendu sténographique
et documents



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Western Economic Opportunities Conference

CALGARY, ALBERTA

July 24 to 26, 1973

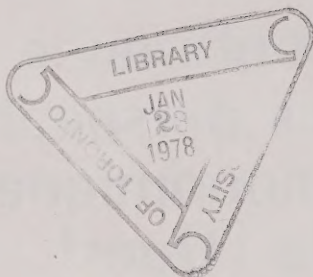
**VERBATIM RECORD
AND
DOCUMENTS**

Conférence sur les perspectives économiques de l'Ouest

CALGARY, ALBERTA

24 au 26 juillet 1973

**COMPTE RENDU
STÉNOGRAPHIQUE
ET DOCUMENTS**



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Foreword

In the Speech from the Throne opening the twenty-ninth Parliament the federal government proposed to the governments of British Columbia, Alberta, Saskatchewan and Manitoba that they join with it in convening a conference on western economic opportunities. It was seen at that time as a unique opportunity to explore jointly "potentials for economic and social development and specifically, to consider concrete programs for stimulating and broadening the economic and industrial base of western Canada".

Consultation between the five governments involved resulted in agreement on the following agenda for the conference; an introductory session on objectives for the West, followed by discussion on the major topics of transportation, industrial and commercial development, capital financing and financial institutions, and agriculture. It was decided that papers on each topic should be prepared prior to the conference by the western provincial governments jointly and by the federal government.

The intensive preparation for the conference aroused considerable interest amongst the public and the media. Over a hundred organizations responded to requests for their views on the subjects to be discussed by sending briefs to either myself, the Premiers or our Ministers.

The conference itself, which was held in public in Mount Royal College in Calgary, produced three days of frank discussions on many complex matters. Progress was made towards increased understanding of difficult issues; some significant decisions were made; and arrangements were made for the following up of a variety of initiatives. While the full impact of these undertakings will only be felt over a period of time, it is clear that having the federal government focus so much attention on the western region and having the West consider fully the national context of its opportunities and difficulties will be of continuing benefit to all Canada.

Avant-propos

Dans le discours du trône inaugurant la vingt-neuvième législature du Parlement, le gouvernement fédéral proposait aux gouvernements de la Colombie-Britannique, de l'Alberta, de la Saskatchewan et du Manitoba de convoquer avec lui une conférence sur les perspectives économiques de l'Ouest. Une telle conférence constituerait une occasion unique de passer ensemble en revue «les possibilités de progrès économique et social et, particulièrement, d'envisager des programmes concrets destinés à stimuler et à élargir les bases économiques et industrielles de l'Ouest canadien.»

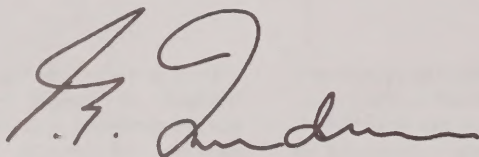
Après consultation, les cinq gouvernements intéressés convenaient de l'ordre du jour suivant pour la conférence: une séance préliminaire serait consacrée aux objectifs de l'Ouest du pays et suivie par une discussion sur les sujets principaux, transports, expansion industrielle et commerciale, financement des investissements et institutions financières et agriculture. Il fut décidé que les documents portant sur chacun de ces sujets seraient rédigés, avant la conférence, par les quatre gouvernements provinciaux travaillant en commun d'une part, et par le gouvernement fédéral d'autre part.

Les préparatifs intensifs en vue de la conférence suscitèrent un intérêt considérable au sein de l'opinion publique et dans les milieux journalistiques. Plus d'une centaine d'organisations, en réponse aux questions qui leur avaient été adressées, donnèrent leur avis sur les sujets qui devaient être abordés en faisant parvenir des mémoires aux Premiers ministres, aux ministres ou à moi-même.

La conférence elle-même, tenue en public à Mount Royal College de Calgary, engendra trois journées de discussions extrêmement franches sur nombre de problèmes complexes. On parvint à cerner de manière satisfaisante les problèmes épineux, à prendre certaines décisions importantes et, par ailleurs, à prendre des dispositions permettant de donner suite à l'étude d'initiatives diverses. Il faudra sans aucun doute un certain temps avant de pouvoir mesurer toutes les répercussions des mesures lancées à Calgary, mais on peut dire dès à présent que l'ensemble du Canada bénéficiera de ces journées à l'occasion desquelles le gouvernement fédéral a consacré toute son attention à l'Ouest du pays tandis que de leur côté, les provinces de l'Ouest envisageaient leurs difficultés et les chances qui s'offrent à elles dans un contexte national.

The following presentation of conference materials is in two parts; the first contains the verbatim record of the deliberations, and the second reproduces the working papers prepared by the federal government and by the four western provinces and made public at the time. Taken together these materials demonstrate the great interest and effort which all participating governments took in attempting to grapple with the issues both before and during the conference. I am confident that the follow-up will be equally determined and fruitful.

Les documents de la conférence ont été regroupés en deux parties: la première contient le compte rendu sténographique des délibérations et la seconde, les documents de travail que le gouvernement fédéral et les quatre provinces de l'Ouest ont préparés et rendus publics à cette occasion. La masse des documents présentés témoigne de l'immense intérêt suscité et de l'effort accompli par tous les gouvernements participants, avant et durant la conférence, pour tenter de résoudre les problèmes posés. J'ai la conviction que les suites données à la conférence porteront le signe de la même volonté et seront tout aussi fructueuses.

A handwritten signature in dark ink, appearing to read "A. J. L. Lundy". The signature is fluid and cursive, with the first part being a large, stylized "A" and "J", followed by "L." and "Lundy".

Heads of Delegations

THE RIGHT HONOURABLE PIERRE ELLIOTT TRUDEAU

Prime Minister and Chairman

THE HONOURABLE PETER LOUGHEED

Premier of Alberta

THE HONOURABLE EDWARD SCHREYER

Premier of Manitoba

THE HONOURABLE ALLAN BLAKENEY

Premier of Saskatchewan

THE HONOURABLE DAVID BARRETT

Premier of British Columbia

Chefs des délégations

LE TRÈS HONORABLE PIERRE ELLIOTT TRUDEAU

Premier ministre du Canada et Président de la réunion

L'HONORABLE PETER LOUGHEED

Premier ministre de l'Alberta

L'HONORABLE EDWARD SCHREYER

Premier ministre du Manitoba

L'HONORABLE ALLAN BLAKENEY

Premier ministre de la Saskatchewan

L'HONORABLE DAVID BARRETT

Premier ministre de la Colombie-Britannique

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1. Objectives for the West
2. Transportation
3. Industrial and Commercial Development
 - Mineral Resources
 - Fisheries
 - Industrial Development
 - Industry, Trade and Commerce programs
 - Resource processing
 - Marine development
 - Trade and Commercial Policy
 - Development Opportunities
 - regional economic development
 - western northlands
 - Purchasing Policy
 - Federal Decentralization
 - Other Matters
4. Agriculture
5. Capital Financing and Financial Institutions
6. Closing Remarks

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PARTIE I

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*In the language spoken.

*Dans la langue parlée.

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TUESDAY, JULY 24, 1973 / MARDI LE 24 JUILLET 1973

MORNING SESSION / SÉANCE DE LA MATINÉE

Prime Minister Trudeau: May I call the meeting to order, please.

First, it gives me great pleasure to welcome all to this very historic Conference.

First, I wish to thank the Western Premiers: Premier Lougheed of Alberta, Premier Schreyer of Manitoba, Premier Blakeney of Saskatchewan, Premier Barrett of British Columbia, for having joined us here with the members of their delegations, to participate in this unique endeavour.

Nous avons, en plus, ici aujourd'hui, un nombre considérable d'observateurs. Je voudrais leur souhaiter la bienvenue; en particulier les représentants des différents partis politiques de toutes les parties du Canada, mais en particulier des provinces de l'Ouest. Je souhaite en particulier la bienvenue aux membres du Sénat et de la Chambre des communes et aux membres des Assemblées législatives provinciales.

I would also want to extend a special welcome to observers from the provinces and from the territories who will not be participating directly in our deliberations.

Furthermore, we have with us today the representatives of various regional and national associations and organizations; and I want to thank them for their presence here today, and even more important, for their contribution to this Conference, by having submitted both to my government and to the provincial governments, various points of view, various briefs and documents which have helped us in the preparation of this Conference.

I also want to welcome, on behalf of the Conference, the representatives of the provincial, regional and national press, radio and television.

Finally, and most importantly, on behalf of all governments here, I wish to say to the people of Canada, who are following our deliberations, and particularly to the people of Western Canada, to those who are associated with us in this conference room, and to those who are viewing this event on their television screens, or listening to them on the radio waves, that we have gathered today and tomorrow, and the next day, in Calgary, to determine how better to serve the interests of all these Canadians.

Welcome to all.

A few words of thanks, first to the mayor and the people of Calgary, before asking the Premier of this province to welcome us on behalf of the people of Alberta. I wish to say to His Honour Mayor Sykes how pleased we are to be gathered here in this great city; and I also want to express to the President, and the members of the Board of Governors of Mount Royal College our deep appreciation for having put at our disposal the facilities of this remarkable institution. As member from Mount Royal, I would like to say that it is the best place I can think of to have a meeting. *[Applause]*

Premier Lougheed, would you like to take the floor to welcome us to your Province?

Premier Lougheed: Mr. Prime Minister, I very much would.

I would like to extend a warm welcome to the Premiers, in joining with you, Mr. Prime Minister, in the welcome to all participants to this Conference, on behalf of the people of Alberta, and on behalf of my home city of Calgary. A particular welcome to the delegates who are assembled here with the five governments; to the observers who are attending and have been invited, and who have provided us all with some very useful and effective briefs; to the media who are attending to observe this open conference which I am sure we appreciate the merit, in terms of having an open conference, and particularly, Mr. Prime Minister, as I mentioned to you, I think the unique nature of the fact that there is a portion of the forum which is allocated to the general public, and I see that the majority behind me of those seats have been filled. I certainly feel that that is excellent, that we can have some of the public here.

I would like to extend my appreciation, I am sure, on behalf of all participants and all governments to Mount Royal College, for giving us the opportunity to use their excellent facilities; to have an opportunity to participate in a forum in a conference room such as this, and to make these superb arrangements for us. To the President, the Board of Governors and all the staff whom I know have worked very hard, our sincere thanks.

As far as the Government of Alberta is concerned, we would like to extend to all delegates, to observers and to the national media, and the members of media who are here, a warm invitation to attend a western style hospitality Bar-B-Q tonight at 6:30.

We aren't sure about weather conditions; we have some tents. There was one group that was hoping for good weather, Mr. Prime Minister; there is another group led by our Minister of Agriculture, worrying about crop conditions that hopes, will smile, if it is raining a bit.

In any event, we welcome all of you to that event. It is a typical Western hospitality Bar-B-Q.

And finally, Mr. Prime Minister, I would like to say we are honoured that this historic Conference is being held in Alberta, and in Calgary; and I am sure that it will be a most progressive Conference.

Prime Minister Trudeau: Thank you, Premier Lougheed.

I think, now, if I could deal with a few administrative matters, that it would terminate the preparations.

We have agreed that for the three days, the meetings would go from 10:00 a.m. to 12:30, in the morning; and from 2:30 in the afternoon to 5:30. We could, of course, if the need arises, make minor variations to this; but I will try, as chairman, to stick to this time table.

If agreed, that all the meetings of the Conference will be open to the media and to the public.

There are some detailed information matters, but I will refer you to document number O11 called: "Notes on Administrative Arrangements", which has been prepared by the Secretary, Mr. Gallant. These notes indicate that following each session, there will be a verbatim report, as well as a summary record of the proceedings, and that will be made available by the Secretariat, because the Conference is open in every part.

I think we will be able to dispense with the usual communiqué which is issued at the end of these conferences, and which are some time in the making; but, this time, we will be able to dispense with them, if that's agreed.

If the Premiers should want to work on a communiqué, of course, we would agree too, but we could decide that later, if such is the desire.

Now on the matter of the Agenda, we have agreed on the general subjects.

Today, we will begin with a discussion of Objectives, and then go on to matters of Transportation.

Tomorrow, we begin with Industrial and Commercial Development, and I understand that there has been some agreement, of late, between officials, that we continue with that all day; and then, take the two final items: Agriculture and Financial Institutions on Friday.

We are quite flexible. Yes, sir?

Prime Minister Lougheed: Mr. Chairman, on that matter, we note that the revised agenda that we received has changed Capital Financing and Financial Institutions to the third day. I believe our original exchange of documents indicated it would be held on the second day.

In the interest of proceeding with matters, and facilitating matters, certainly I am prepared, as far as Alberta is concerned, to go along with that change.

But we think it is very important that as we reach each agenda item, that the observers and the public and all who have been involved are given an opportunity to understand

what has gone on in terms of reaching this Conference; and the provincial governments have presented common position papers, so that we would hope, when we reach each agenda item, we would have an opportunity, briefly, at the outset, to present, just in summary form, the nature of the provincial proposals that have been made, because at this date, or to this point, there haven't been specific federal proposals.

I don't know whether that is useful or not.

Premier Blakeney: It would seem to me that for the radio and television viewers and the audience that that would be alright with me.

Premier Barrett: That's alright.

Prime Minister Trudeau: Well that makes it unanimous for the provinces. I have a suggestion that we all make our statements at the outset and that we make them in the usual manner. The convening government, the federal government, would present its position papers and its proposed line of action in the areas where we have suggested that the agenda cover, and that in those particular areas where the provinces have asked that particular items be put on the agenda we could ask them to begin with their presentation. I sense that there is a difference of opinion here. I'm not clear.

Premier Barrett: Are you suggesting that on the four major items that the provinces have submitted, that the provinces would then open with a résumé as Premier Lougheed is suggesting? And then on additional items that the federal government has prepared that they would open with their statements?

Prime Minister Trudeau: Yes, this is it. Except when you say additional items I think we could get into historical argument here. Way back when this Conference was conceived in the Speech from the Throne, we proposed a certain number of items, agriculture, capital financial institutions and so on, and these are the ones we would like to deal with, we would like to lead off with. Having read your position papers, having read your various proposals and suggestions for action, we would like to indicate the federal proposals and then have you react to them.

Premier Barrett: Well it is my impression that Premier Lougheed is suggesting something I find quite attractive and that is to facilitate understanding of the provinces' position in terms of the public and general community being involved in the Conference, that if the province was to give its position first in terms of the presentation, précis of the presentation, then of course the federal response and then from there we could go on. That is my understanding of what Premier Lougheed was suggesting in terms of understanding the position on each item. Now, I don't know if that's what you meant?

Premier Lougheed: That is exactly what I meant, Premier Barrett. Just so that the follow-up to what has occurred to date can be made clear to the public on those items. I think if I understand you, Mr. Prime Minister, for

example, on the opening statement or on matters such as mineral resources that has been placed on the agenda by the federal government, that the federal government would lead off on a specific basis, but on the four items where the provinces have presented common position papers that we would briefly outline what those proposals are.

Prime Minister Trudeau: No, I was thinking of items where the Provinces have indicated a particular desire to add to some sub-item of the agenda. I think ship building on the West Coast is one such item on which we have no lead-off paper. I believe tariffs is another that for you, Premier Lougheed, is a subject that you would like to discuss. In these particular subjects that you want to bring a position forward on which we have no prepared statement, we would be prepared to let you lead off and then indicate to you our response. But, in areas which have been on the agenda for a long while, I suggest, at the initiative of the federal government in the Speech from the Throne, we follow the normal procedure of the federal government stating its position, which indeed will be a response to your position papers, which have been made public for some days and then the provincial governments would follow.

Premier Blakeney: I don't mean to do an injustice to the observers and to the press, Mr. Prime Minister. But your proposal, as you very clearly stated, is that the federal people would respond to the provincial government papers and, if that is going to be intelligible at all, people have to know what the response is to be. Now, your assumption is that the observers and the public and the press are fully familiar with the provincial positions and we can start from there and have the federal government respond. I think that is at variance with the facts. I don't think that the provincial papers are fully understood by all members of the public who will be watching this and the media and the observers. I would think the logical situation would be that those points would be presented, and then as you say the federal government would respond.

Prime Minister Trudeau: I think you're underestimating the impact that your provincial papers have had on the public, and it may be also that we are rationalizing our various positions in order to see who gets on television first and who takes the initiative. I think we might reach some kind of a compromise. I am rather adamant in my position as the federal Prime Minister that Federal-Provincial Conferences follow the usual pattern of the federal government not only chairing, but also leading off on the various items. And I would not want to break this principle personally, but I don't mind accommodation in various items, and if we could agree that today we follow that procedure and have the federal government state its position on transportation, then tomorrow we could divide up the items and some could be started by the provinces and some by the federal government, and on Friday we could do the same. We could start off with agriculture and you could start off with capital financial institutions.

If you want to work on that kind of a compromise, I think we could get the Conference under way.

Premier Schreyer: Prime Minister, I think the problem does require a light touch of compromise. Frankly, up until just a few hours ago, I wasn't aware that there could have been any problem with respect to the sequence with which the respective papers are presented. It seemed to me the logical sequence was for the provincial spokesmen to put forward the proposals that had been collected after some considerable discussion and study and that upon hearing the proposals, the federal government could make its response. Certainly, there was no thinking or intention to even in any way impinge upon the obvious right of the federal government to, as convener of this Conference, to have the last word. But it seems to me the logical sequence is for the proposals from the West, and after all, sir, you are calling this Conference because you wanted to solicit the views of those representatives of provincial governments in Western Canada. So we put forward our views in the logical sequence that you respond to them. But if we can alternate with something I suppose that's the simplest way out.

Prime Minister Trudeau: Probably the simplest way out. Yes? O.K. So then we begin with item 1. What is the title on this item? "Objectives for the West". On this I'm not clear if there will be much discussion or if this item will be dealt with much by way of opening statements. My understanding from what has been reported to me by the officials from their meetings is that this item is more in the nature of opening statements by the various governments. I will not preclude discussion on objectives if we wish to have such, but I have prepared my statement on the assumption that it would be nothing more than an opening statement, and then we will hear opening statements from the various Premiers in turn, and then begin the substance of the Conference on transportation. But, however, after opening statements, if the Premiers want to initiate discussions on a particular item we will be prepared to do so.

It was last January that the Government of Canada proposed to the provinces this Western Economic Opportunities Conference. Lying behind our proposal was the fact—which concerns me deeply—that so many gifted individual Westerners could feel so much discontent with their present and future prospects as Canadians. If such a feeling of frustration is widespread among one-quarter of a nation, a government has the obvious duty to identify the sources of frustration and to act to overcome them.

L'élan ainsi donné à cette question n'explique peut-être pas pleinement à lui seul pourquoi les Canadiens de l'Ouest et leurs gouvernements ont réagi à l'idée de cette Conférence avec un intérêt si remarquable, en déployant tant d'effort et de bonne volonté, ou encore pourquoi nous avons jugé bon de tenir nos délibérations au grand jour, au vu et au su de tout l'Ouest, comme de tout le Canada.

De toute évidence, pareil intérêt ne se serait pas manifesté si l'opinion n'avait attendu de nous que la remise sur le tapis de quelques vieux griefs, que le règlement de quelques vieux sujets d'irritation.

Rather, I think that Canadians may increasingly sense that this Conference in Calgary is a forum for developments of possible historic importance to Canada's future as a nation, though of course of particular consequence to Canadians who live in the West. Let me try to articulate why.

A century ago, through the "national policy" of John A. Macdonald, the Government of Canada made possible a West where Canadians could seek a richer—and freer—life. And the West, in turn, made politically possible a Canadian national "from sea to sea", an independent "Dominion of the North".

That Dominion of a century ago was rooted in a particular vision: of an industrialized Central Canadian "metropole", with an agricultural and resource "hinterland" in the West. What the old national policy of a century ago could not foresee, was the fully developed Western society of today; its growing economy, its particular political and social institutions, its vigorous culture—whose architecture, whose arts, whose great public universities often equal and sometimes exceed those of the East.

The old national policy could not foresee a Canada whose foreign trade is no longer focused exclusively on the Atlantic Ocean, but increasingly on the new growth areas of the Pacific Rim and the U.S. Southwest.

The old national policy could not foresee a world which hungers for Western oil and gas; or an era when distance can be bridged by flight and high-speed communications: or a time when environment conscious Central Canadians would take action to restrain further concentration of industry and population.

In short, the old national policy could not foresee a Canada which has—and must continue to—"spread out". A Canada bound together with "east-west links" far stronger—more natural, more human and secure—than the thin steel ribbons of railroad track which bound us together a century ago.

I believe that today, as a century ago, Westerners once again are summoned to play their historic role in preserving a strong and independent Canada. Not, this time, a Canada with a western "hinterland"; for Western Canada is no longer hinterland or frontier; it is home, for one-quarter of all Canadians. This fact has obviously inspired many changes in government policies. But the fundamentally new circumstances of today—in the West and Canada, in the world environment—now make far more fundamental changes both possible and desirable. This Conference at Calgary signifies the Government of Canada's belief that, a century ago after the old national policy, we can now together begin shaping a new national policy to strengthen Canada by achieving more balanced and diversified regional growth throughout the country.

When Westerners speak of alienation, I know they refer not solely to lack of economic opportunity. Many are at least as concerned with "lack of leverage" in national decision-making. They want a stronger voice in national affairs. Here at Mount Royal College, certainly the national voice of the West will be heard loud and clear.

As I have said, a pre-eminent part of our task is to begin moulding new national approaches with full Western participation; and to do so in a manner that will provide Westerners with more elbow-room than before to fulfill their aspirations—in the West, in Canada.

The fact that we see a special role for the West in strengthening Canada would not have surprised Macdonald, Cartier and other Canadians a century ago; it need not worry any Canadian today. The Westerner is not a man who builds his own house by stealing bricks from his neighbour's. I have no doubt this Conference will share the Government of Canada's firm guideline that programs to strengthen the West neither will, nor need, take anything away from any other region.

We are all determined to begin discussing concrete proposals as soon as possible this morning. So I will only outline very briefly the Government of Canada's perception of several pertinent western problems, and of several broad objectives to which our proposals address themselves. These matters are elaborated on the written statement I have tabled.

First the problems. One is that western economic progress has been unevenly spread and narrowly based. True enough, the buoyant growth and employment statistics of the region as a whole could make a lot of Eastern Canadians green with envy. But look beneath the gross statistics; we see that parts of the West, and many thousands of Westerners, suffer from the same unemployment and poverty that afflict other parts of Canada. Though economic and population growth is rapid in the cities of Alberta and British Columbia, much of the northlands, and most areas of Saskatchewan and Manitoba, are growing slowly—if at all. What is more, growth has left many people behind entirely, particularly among the native population of our northlands.

The West's relatively narrow economic base, and the sparse population associated with it, have also produced a "high-risk society"—that is, reliant on outside capital and volatile commodity markets, and vulnerable to distant decisions affecting transportation and communications. This risky reliance on the "outside" has fueled the feeling of Westerners that they have too little influence on their own destiny, and too little say in the development of Canada as a whole. Sometimes a Westerner seems to look at other Canadians across a great distance. Sometimes, he seems to say: We are "here" . . . but the decisions are made "there."

I have no panacea to offer for these problems, no magic wand to wave. But the fundamental changes I mentioned, within and outside Canada, do create a greater opportunity than ever before for the kind of balanced, diversified growth which can enormously strengthen the West. We can seize the day to achieve this, we can make concrete progress toward solutions. Let's keep in mind not only the difficulties and complexities of our task—these will be clear soon enough—but also a set of broad, positive objectives as a framework to test all our proposals. May I submit four such objectives for consideration.

First, a broader range of employment opportunities, and second, greater stability of income. We must lessen the frightening human risks associated with single-product

communities and dependence on shifting world commodity prices—while we work to widen the western economic base and provide our children with a greater choice of career opportunities within the region. Our initial proposals include a program for further processing of resources before export, supported by new trade initiatives; important measures to better adapt the national transportation system to balanced western growth; new measures to stabilize agricultural income, and to assist small business.

As a third objective, a stronger western voice in national decision-making. A more diverse, a more stable economy would encourage population growth, greater western ownership—and thus a stronger western voice in determining the national future. But special measures also are needed to make national institutions more sensitive to regional needs. We will propose ways to enable Westerners to develop new, regionally based and controlled financial institutions. We also share with many Westerners—with many Canadians—the desire for a federal government less remote from their concerns and more sensitive to their needs. As a very modest beginning—and only that—we will suggest new means to ensure a greater regional voice on such national issues as transportation and tariffs. And we are giving the Department of Regional Economic Expansion a highly regionalized structure. The DREE reorganization should give the department a completely new importance in the West, particularly in the northlands—and give Westerners a taste of the kind of measured decentralization we could try more of in the future.

Fourth, we suggest as a specific objective greater concern by all levels of government for the individual Westerner. Such concern should be a required test of all our proposals. In programs to diversify the western economy, let's be sure that the benefits—wider choice of careers, greater range of life styles—flow not only to metropolitan centres but also to smaller urban communities, not only to those who built the skylines of western cities, but to the equally enterprising Westerners who work and struggle to keep on farming their family land.

I know there is much in this world that governments cannot control, and only marginally can influence. But we can do far more than in the past to help preserve the values of rural self-sufficiency wherever we possibly can; and wherever we genuinely cannot, let's make every effort to ease the impact of change.

I hope you can tell from my remarks that the Government of Canada hasn't come here in the spirit of a Royal Commission—this is no time for "paralysis by analysis". Nor has Ottawa come here to hand out prescriptions like a corner druggist. We have many specific proposals to make, but much to learn from you as well.

En guise de conclusion, je me permettrai d'évoquer des expressions comme les «griefs de l'Ouest», «l'aliénation de l'Ouest», que peut-être nous entendrons tous ou même emploierons au cours de cette Conférence.

Voilà pourtant qui ne change rien au fait que les Canadiens de l'Ouest sont un peuple plein de ressources, qu'ils ont de tout temps porté plus que leur part du fardeau national, qui sont fiers de leur perspicacité et de leurs talents et décidés à en tirer parti.

What the West now asks of us, their governments, is not subsidies to survive. It is not a charter to go its own way, regardless of the national good. Rather, what the West wants is a fair deal—wider choice and opportunity within the West, and a fair chance to build a West which will be an integral part of a stronger and more progressive Canada.

Premier Lougheed, will you lead off now on behalf of the provinces.

Premier Lougheed: Yes, Mr. Prime Minister. The Premiers of the four Western Provinces commend you and your government for recognizing that there are significant concerns in the West—concerns as to the nature of contemporary Confederation—concerns which we as the elected government representatives of the citizens of Western Canada have expressed to you and to your government on numerous occasions, particularly during the past year.

Simply stated, the concerns arise because the people of Western Canada feel strongly that they could contribute much more to Confederation if certain existing federal policies were altered so that the talents and energies of Western Canadians could be more meaningfully applied to the abundant resources of the western region, and that this would significantly strengthen the nation as a whole and, in particular, Canada's important position in world trade. Specifically, this will require joint policies which will encourage processing of our raw materials upstream at the source, and hence, the spreading of job-opportunities to regions other than Central Canada.

The real request of the West is not special privilege, but the removal of unnecessary obstacles to growth. To use a western term, "Don't fence us in".

The concerns of the West are more than a matter of dollars, or job security, or even economic opportunity, important as these are. It's a feeling of Western Canadians that we have a great deal going for us in the West, but we feel frustrated in reaching out for our potential because we sense such potential is not fully understood or appreciated in Central Canada and hence, we are thwarted by federal government policies.

Your calling this Conference is however a hopeful sign. We realize you have accepted a serious obligation to assure that this Conference creates some commitments to action and to progress. We, for our part, approach the Conference—not as adversaries—but with, what we believe, are positive and constructive proposals and will strive with you in the next three days, to seek a cooperative consensus on the issues raised within our proposals.

The West is changing and dramatically, it is literally bursting with talent, with spirit, and with confidence. The West can be turned on, or turned off. The attitude and sensitivity of the national government towards the people of the western region and towards their elected governments will, in this federal state, in our view, thus be the key question. If there is a continued lack of appreciation of the diverse talents, the unique spirit of the West, then the resentment of the Western Canadians towards their national government and towards Central Canadian directed institutions will unfortunately persist and perhaps

even grow. If on the other hand we have reached that stage of national maturity that we all, wherever we live, Toronto, Chicoutimi, or Red Deer, can look beyond our limited community, provincial and cultural horizons, to all parts of Canada, then Western Canadians will contribute, in response, as never before to the economic, social, and cultural development of Canada. We want, to use your term Mr. Prime Minister, to be a full part of the Canadian team!

So a change in attitude towards the West is required by our national government, and now. The calling of the Conference is an important beginning, but not in itself enough. It will be the response of the federal government to our common proposals that will determine the course of this Conference, in our view. We have worked hard on our proposals. We have reconciled differences, we have adjusted for natural geographic variables to present to you common positions. To have done otherwise, to have failed to strive for such common proposals would have made the tasks of the five governments in striving to reach a consensus in Calgary that much more difficult, if not impossible.

I noted, Mr. Prime Minister, your objectives with interest. I doubt there is much difference in terms of objectives.

You invited us, we believe we have responded positively. We suggest that the best hope for progress at this Conference is to direct our efforts to assessing whether or not the western proposals are in the national public interest. We naturally believe they are, that they will spread economic growth throughout Canada for the benefit of all Canadians wherever they live and we look for a positive response to our proposals.

Prime Minister Trudeau: Thank you, Premier Lougheed. Mr. Schreyer, Manitoba.

Premier Schreyer: Mr. Prime Minister, I would also begin by commending the Government of Canada and you, Mr. Chairman, for convening this historic Conference. It is my hope that our discussions and the decisions that we reach during these three days can have a beneficial effect, not only for the Province of Manitoba and the other western provinces, but for our country as a whole.

I do not believe that this meeting was ever intended as a public relations exercise. Rather I trust that it was intended to bring about a solution to a specific number of problems that have existed for too many years as a source of western discontent and annoyance.

I hope that the announcements and policy proposals that you will be in a position to put forward here this week will justify our confidence. We are here primarily to discuss Western Canada's future but, as I think will become clear during this Conference, Mr. Chairman, if it is not clear already, Western Canada's future is linked inextricably with Canada's future.

The people of the four western provinces have worked hard and contributed too much to renounce their aspirations for the development of our nation as a whole and their future in it. Still, as you know, Mr. Chairman, there is this undercurrent of alienation discontent in Western

Canada. No one really denies it. It has waxed and waned with the different periods of the history of Confederation. In part, I think it is because many Western Canadians feel that their efforts, their contributions to the development of our nation have encountered too many man-made obstacles which are visible in national policy.

Mr. Prime Minister, you may well be genuinely puzzled and perplexed as to why this attitude of annoyance or degrees of alienation would even exist here in Western Canada. And you may think, and one could hardly blame you, from time to time that the governments of the four provinces are exaggerating the problems that we think exist. But I can assure you that our statements are, in relative terms, restrained, certainly more restrained than many of the statements that have been made from time to time over the years and even in recent months by persons other than the Premiers of the four provinces, statements made to the media, and even in billboard advertising.

Hopefully this Conference will succeed in removing some of these obstacles and also the feeling that there is in the nation's capital of Ottawa a feeling of indifference from time to time.

One sees natural resources leaving Western Canada and then returning in processed form, frequently at far greater cost. We look at the prices of many consumer goods and see that they are sometimes significantly higher than those in Central Canada.

We compare employment opportunities in the manufacturing sectors of Western and Central Canada and question the differentials.

We think about the advantages of rural life and what western agriculture has meant to Canada's economy, and wonder why so many farmers have been forced to leave their land because of either low or unstable farm prices and income, and why small towns have often fallen into decline as a direct consequence of diminishing farm numbers.

These are widespread concerns among Western Canadians and they are valid to a very large degree. They are concerns which my fellow Premiers and I must face every day, and they are concerns which the federal government must also face directly if it is to fulfill its desire to meet its responsibilities to the people of Western Canada and to the entire nation.

Western Canadians do not expect special treatment nor do I think they want it. What is needed, Mr. Chairman, are certain fundamental changes in federal policy, designed to guarantee to Western Canadians the same scope for local development enjoyed by Canadians in the Toronto-Montreal corridor.

It is ironic that the past decade has allowed such tremendous pressures of overcrowding and fast urbanization in certain noble points of our country, such fast a buildup that concern is now mounting about possible social and environmental ill-effects. And yet, during this same time, other areas, including here in Western Canada, have been experiencing the very opposite problems of slow growth and inadequate infrastructure development. We should not want either the federal or provincial governments to accept

this kind of imbalance and such extreme opposites of problems to exist—we shouldn't want to accept this set of problems.

Historically, one of the problems which has confronted all Canadians has been the lack of proportionality in development among the various regions of Canada, and within the regions as well.

An important indicator of a region's state of development is the size and diversity of its manufacturing sector. At present, Western Canada's manufacturing capacity is relatively small. In 1972 the western provinces accounted for only about 16 per cent of Canada's manufacturing output, compared to about 80 per cent relating to Central Canada. Moreover, the relative shares of output of both regions have not changed appreciably over the past 50 years. It is as true today as 25 years ago. For example, Canada's copper refining and heavy cable manufacturing capability is located all within a relatively small radius of Montreal-Ottawa.

As a further example, in aircraft manufacturing and assembly there was until recently complete—and I mean complete—concentration of Canada's aircraft manufacturing capability in Montreal and Toronto with heavy federal support for those two companies operating in those two cities.

That support should be continued by the federal government, if necessary in the national interest, but such support should be geographically balanced as well, having due regard for Western Canada's existence.

While there are a variety of factors which may account for Canada's disproportional development, it is our feeling that the influence of certain federal policies has been especially significant. It is generally accepted, for example, that national transport and tariff policies have played a large part in the economic expansion of Central Canada, at times at the expense of the West.

Similarly, various industrial assistance programs have provided relatively little encouragement to growth in Western Canada. For example, in the 1971-72 fiscal year, it is estimated that only 8 per cent of the Department of Industry, Trade and Commerce loan guarantees and grants programs were distributed to the Provinces of British Columbia, Alberta, Saskatchewan and Manitoba.

Similar inequities have been experienced in respect of assistance through the Export Development Corporation and through DREE's industrial incentive program. And I believe specific reference can be made to the EDC, the Export Development Corporation, as perhaps being the saddest example of this pattern of regional discrepancy.

In the area of federal government purchasing, comparable disparities have been identified by the Government of Canada itself. It is to be hoped that this will lead to a measure of equity or proportionality through increased federal purchases in Western Canada. And if a proportional share of federal purchasing is warranted for the West, then no less can be expected in even more important federal industrial development support.

In fact, of course, Mr. Chairman, more than simply proportional shares of some types of development assist-

ance are required in our provinces. Just as in the case of revenue equalization payments, where higher per capita amounts are directed to the provinces with lower than average fiscal capacities, an element of industrial development equalization through purchasing policy, export, financing, et cetera, must be provided for Western Canada to permit our provinces to narrow economic disparities existing relative to Central Canada.

Along with the Premiers of the sister provinces of the West, I believe that the federal government should provide much greater support to the industrialization efforts of Western Canadians. In particular, we contend that all federal policies relating to industrial expansion, including tariffs and transportation, purchasing, harbour development, and utilization of the ports of Prince Rupert and Churchill, industrial incentives, et cetera, should be designed so that they will not discriminate against the western provinces and will instead help us to realize our full development potential.

I believe, Mr. Chairman, we have as a nation accomplished much in the last two decades in improving our economy and social services. In the fields of health services and education I believe this to be particularly true. Many of our public buildings and facilities are of a high standard, and beautiful in appearance. We have, in a sense, guarded reasonably well against the prospect of private opulence and public squalor, yet are uneasy as to whether we have reviewed our priorities often enough and well enough.

I see, on the one hand, relatively large amounts of money that have been available for the ultimate in physical standards of construction for public institutional buildings, and this is fine. But I see, on the other hand, not nearly enough in the way of financial support for the building of basic transportation and communication to the many remote and native communities that dot the northern parts of the western provinces—and Ontario for that matter.

We have in respect of transportation access to resources, both human resources and natural resources. Really we have not made very much progress, Mr. Chairman, in the past ten years. Since the abandonment of the Roads to Resources program in 1964 we really have not made much tangible progress in terms of improving transportation and communication services up to the northern parts of our provinces, and to the remote native communities of that part of Canada.

I am happy, therefore, and welcome the fact that the agenda includes a discussion of western northlands and native communities, and their resources bases or the lack of them. Some specific proposals will need to be discussed in that respect as well if this Conference is to be successful in meeting the test of social equity and economic justice.

The specific recommendations contained in the joint western provinces position papers, which will be dealt with later in this Conference, have been formulated to help bring about this kind of equal treatment. We feel that these recommendations, common positions endorsed by all four provincial governments, represent what an unquestionable majority of the people of Manitoba, Saskatchewan, Alberta and British Columbia would like to see happen in Western Canada, and for that matter relating to Canada as a whole.

We hope that the Government of Canada realizes this and understands how strongly we feel about the need for action in certain fields. We are optimistic that this Conference will have some beneficial, concrete results.

Prime Minister Trudeau: Thank you, Premier Schreyer. Premier Blakeney of Saskatchewan.

Premier Blakeney: Mr. Prime Minister, fellow Western Premiers. I want first of all to associate myself and the Saskatchewan Government with the remarks of Premier Lougheed and Premier Schreyer. You are to be commended, sir, for convening this historic Conference. We approach it in good faith. We are impressed with the seriousness of your intentions. We look forward to the next three days with keen interest. As my fellow Premiers have made clear, we are not here in battle array to confront Ottawa or to attempt to pit West against East. We meet, indeed, in the West, but we meet as Canadians concerned above all with the well-being of Canada as a whole. If we at any time sound parochial, and I hope, sir, we won't, it is because we are convinced that the persistent limiting factors which hold us back in the West are preventing the whole of Canada from reaching its full potential.

Mr. Prime Minister, we do not seek handouts. We will certainly appreciate a helping hand, but even that is not our primary purpose here. What we are really asking for is that you free our hands of the shackles of history which deny us the fulfilment of our destiny.

We come here determined to break out of the economic framework decreed by Canada's national policy of the nineteenth century, referred to by you in your opening statement. This policy, with its principal instruments of tariffs and railways, was based, as you noted, sir, on the exploitation of western primary resources, particularly agricultural resources, and the development of a protected industrial base in Central Canada.

It was under such conditions that western settlers felt themselves to be at the mercy of the railways and the banks and the grain trade. We believe, and I take it, sir, that you believe that the West has changed and that Canada has changed. The time has come to turn our backs on the remnants of that policy. New directions, based upon balanced development rather than exploitation must be formulated if this nation, in unity, is to realize its full greatness.

In our view, if I may mention one area, a fully developed agricultural sector should be a key objective of national policy, designed to achieve balanced regional development. With this in mind, my western colleagues and I are calling for the full use of our land and our human resources.

This policy would produce three main benefits. It would allow us to produce more, and more varied food products. It would reinvigorate rural communities. It would provide a firm base for secondary processing industries.

To adopt this strategy will mean changing a number of federal policies which now encourage the migration of rural people to centres of crowded urban activity. Sometimes. I think mindless of the costs that this policy means to city and country alike.

The first need for a sound farm policy for Canada is to provide not subsidy, but stability.

In Saskatchewan, during the last ten years, fluctuations in the total net farm income, for example—and I give this only as one example—has been as great as 100%, to even 200%, in the space of one year.

In contrast to upward and downward swings of net income, farm expenses have increased steeply, year by year, from a 1961 total of \$350,000,000, farm costs claimed to over \$630,000,000 in 1972, very nearly double in eleven years.

This has led to massive rural depopulation.

Across the western provinces as a whole, between 1951 and 1971, twenty years, the total population went up by more than 50%; but the farm population went down by nearly 40%.

These destructive trends have been reinforced by many factors, some of them enshrined in federal policies.

We in the West want to arrest these trends. We want to build an agricultural industry which will provide fair and stable reward to the largest possible number of farm families.

During this Conference, Mr. Chairman, we will propose a series of measures, many of which we see as joint federal-provincial efforts, which we believe will allow western agriculture to achieve this objective, or at least to approach this objective.

Fully used, intensively used, Western Canada's great agricultural resources can make a much greater contribution to meeting world food needs, and to increasing Canada's wealth and well-being.

But, important as food production is, we are not content to be simply the best source of raw agricultural products.

We need secondary manufacturing to provide jobs for our young people. And when we ask ourselves, in Western Canada, particularly in Saskatchewan: where should we be competitive? Where do our natural advantages lie? The obvious answer is in processing the natural materials which we produce, the raw materials which we produce.

In many areas of the West, this means the processing of the products of our farms, and our forests, and our mines.

Now you may well say that there is nothing novel in this, and there isn't.

In the past, governments, federal and provincial have talked about promoting secondary industry in the West.

Indeed, in the past few months, the federal Department of Regional Economic Expansion has stated the situation almost exactly as I have stated it today.

So we, all of us, appear to be in agreement on our basic objectives.

If this is so, why haven't we achieved them?

Why do we see cattle, and grain and rapeseed, and lumber, and minerals leaving the West for processing elsewhere?

Why are we so clearly failing to meet the stated objectives of governments, both federal and provincial?

What are the factors which are holding back the development of secondary processing in the West?

Mr. Chairman, we have examined these factors that we believe are holding us back, and we have examined them carefully.

In our judgment, the prime factor which is holding us back is a national transportation policy which perpetuates an unjust freight rate system; a system still heavily biased towards its historical objectives referred to by you, sir, of preserving the West as a colony of Central Canada.

And as the recent decision of the Railway Transport Committee in the rapeseed case makes clear, we cannot look to the present policies, the present laws, the present mechanisms to remove the discrimination which is holding us back.

Mr. Chairman, the matter of rail transport is crucial. Let there be no tinkering or chit-chatting on this matter; let there indeed be the fundamental changes for which you have called. And this fundamental change is going to need full federal-provincial co-operation, as suggested in the background paper of the Government of Canada.

It is going to mean full disclosure of all facts, and of all costs, by all carriers, railways, truckers and all, so that all Canadians, east and west, federal and provincial, public and private, can grapple with this major problem, which is facing Western Canada.

A second factor which is holding back the development of secondary industry is the very instability of primary agriculture. When farming is volatile and unstable as it is, there is no proper basis of support for secondary processing.

Our governments, particularly the federal government, has long recognized the need to provide for the manufacturing industry, stability and protection against world economic forces.

We must now do the same for the agricultural industry, for both farmers and processors.

Only when this happens will the full productive capacity of western agriculture, and its processing and servicing industries be realized for the benefit, not only of the West, but of Canada.

We are confident, Mr. Chairman, that if the recommendations contained in the western provinces' position papers are substantially put into effect, we will indeed have laid the foundations for a new national policy, and more specifically for a new fully developed agricultural industry, by which the West will contribute even more to the Canadian federation.

Prime Minister Trudeau: Thank you, Premier Blakeney. Premier Barrett, British Columbia.

Premier Barrett: Mr. Prime Minister, my fellow Premiers,

I am especially pleased that this Conference has come from much planning to actual reality. It was probably totally unexpected that four Premiers and Canada could

spend so much time together, and still be united, in face of our own particular problems in our own particular areas.

But nonetheless, it has happened, and that's significant in itself.

Mr. Prime Minister, I want to say that we, from British Columbia, are very happy to be here.

Our problems are a little bit different and distinct from those of the Prairies and those of Eastern Canada.

But nonetheless, we come to this Conference as Canadians first, and British Columbians second.

I want to spend the time that I have for my opening remarks to be a bit more specific, and I would like to refer, if I may, to a paragraph of your opening statement, Mr. Prime Minister.

You said that the Dominion of a century ago was rooted in a particular vision of an industrialized central Canada metropole, with an agricultural and resource hinterland in the West. What the old national policy of a century ago could not foresee was the fully developed western society of today, its growing economy, its peculiar political and social institutions.

Of course, none of us are here as a reflection of the peculiar political institutions of the West. Nonetheless, some members of the public may have that as a misinterpretation of the motivating factor of this particular meeting. I want to lay that misinterpretation at rest. We are here as elected representatives of the people within our jurisdictions.

But within our jurisdiction, we do have a particular problem that concerns us a great deal. The four provinces have jointly presented a paper to this Conference on the subject of capital financing, and regional financing institutions. This was a matter that was referred to in your Throne Speech.

The basic proposition on which the paper is based is very simply stated. It is this:

"In order to achieve the objectives of stimulating and broadening the economic and industrial base of Western Canada, there must be more regionally based financial institutions; there must be a revitalized industrial development bank, and there must be a redirection of the programs of the export development co-operation."

Let me first deal with the chartered banks.

The progress of development in Canada has been from East to West. From very early in our country's development, the economic, financial and tax policies of the federal government favoured and assisted the concentration of the nation's business and industrial activity in Central Canada. And I might say that it does not include Quebec.

Examples are: national tariff policy, which has favoured the development of a secondary industry in Central Canada; a transportation policy that discriminates against the movement of finished products from West to East, but encourages the opposite; incentive programs to industry, which give the lion's share to the well-established industries of Central Canada.

These are but three examples, and there are many more.

But, Mr. Prime Minister, while it may have been necessary in the 1910s and the 1920s and the 1930s to apply such policies in order to establish a national capital market of any kind, that national capital market has long since been established.

Unfortunately, present day federal government policies still encourage the concentration of the country's business, industry and financial capital—and it is the latter that I am particularly concerned with,—in Central Canada.

In our opinion, it is now time to remove the strictures that impede the development of regional financial institutions in the West.

It is now time to alter federal government policies which, for one hundred years, have worked against the allocation of financial resources to the western region, while the rich financial institutions based in the east get richer.

Let me give you some examples:

1. Five of the ten charter banks dominate the industry, and own 91% of the banking industry's assets: 55 billion dollars of 60 billion dollars;

2. Nine of the ten charter banks—the Bank of B.C. is the one exception—have their head or executive offices in Toronto or in Montreal; although no doubt some efforts have been made, in recent years, to give local branch managers more authority in granting loans and making investment decisions, there is still a long way to go.

3. Net profits of the chartered banks, last year alone, were \$232 million dollars—an increase of 23% over the previous year, and an increase of 72% since 1967. We feel that money should be put to work for the people of Canada, all of Canada.

4. Between 1962 and 1972, the proportion of bank loans of under \$100,000 dollars has declined from 33% to 18%. At the same time, the proportion of loans of \$1 million dollars has increased from 35% to 58%.

The implication of these figures to Western Canada's small businessmen are very very clear.

At present, the banking industry has all the characteristics of a tightly controlled oligopoly. The bank sells an essentially undifferentiated product: banking services, and the barriers surrounding the banking business in the form of initial capitalization of problems of securing appropriate financial context, and consumer loyalties are formidable.

Price competition is almost non-existent. We find that strange in a free enterprise economy.

A perfect illustration of the fact is the so-called "Winnipeg Agreement" of June 1972. In it the banks agreed to limit the rate of interest paid on large deposits of up to one year. The federal Minister of Finance sanctioned the agreement, an agreement which in any other industry would be absolutely illegal.

I was amused by the opening statement contained in the federal summary accompanying the federal paper of this subject, which suggests that Canada's financial insti-

tutions operate in an environment of strong domestic competition.

All indications dispute this suggestion. The Porter Commission on banking and financing said this about the competition, and I quote:

"At present, there is a strictly limited amount of price competition among banks in their lending business. Banks may differ in their view of whether a particular customer merits prime rate or not; but the rates are subject to agreed minimum levels. The price competition has further been restricted in periods of credit restraint by agreements among the banks, to the effect that no bank will take over from another by offering a better rate of a larger line of credit."

Moreover, it is time the inner sanctums of the banking industry were penetrated, and the secrets behind the double-locked vaults were revealed; that there are such unplumbed depths is obvious from reading your own federal background paper on this subject, filed at this Conference. There were only two things that impressed me about the paper. By way of an aside, let me say that I totally disagree with any conclusions that paper may imply that the regional needs of Western Canada are being met at the present time, under present arrangements.

The first thing that impressed me about the federal paper is the continual reference to incomplete data on this and that and on the other. There are no less than ten references in that paper to the fact that the data is not available.

Listen to some of them, quote:

"The available data however has not enabled us to examine . . ."

"Information and data are incomplete . . ."

"Despite these gaps in information . . ."

"Assuming that the desired data were available . . ."

There are others that I could refer to, but only one more, and this is the choice, quote:

"These are relevant questions, but the answers cannot be discovered by an outside analyst without a detailed examination of a great many specific applications for loans in different areas of the country. This would go far beyond any past degree of private credit business, and might be regarded as a violation of the confidential banker-client relationship."

The last time I heard that was in the Medicare fight.

I say: nonsense.

Why the lack of data and information? Why all the secrecy?

In this day and age when governments at all levels know so much about everybody, and credit reporting and other data gathering agencies have files on practically everyone, it is to me a sad state of affairs when the federal government has to acknowledge ten times in its own paper that it doesn't have the information. It is time to let the light shine in, and circulate some fresh air through those hallowed halls.

Is the banking system meeting the needs of the West?

In our opinion, it is not.

Mr. Prime Minister, not as well as it should be. Ask any western businessman who has had to wait on an approval from the head office for his loan application.

What is it that we ask as an approach to rectify the situation?

We want a whole change of attitude on the part of the federal government toward the West, and the great potential it has if financial resources are properly mobilized to achieve Western objectives.

I sincerely hope that the recent pronouncements of you, Mr. Prime Minister, in the city of Vancouver, about recognizing at last the problems of the West is genuine and sincere.

A change of attitude on the part of the federal government, not merely a death bed repentance, I hope, will be disavowed if the patient recovers. And of course, the patient I am referring to has some connection with my earlier comments on the peculiar political patterns of the West.

Changes in federal government policies, in those areas that I mentioned earlier, so as to right the imbalance that still favours and fosters the concentration of financial resources in Central Canada;

Amendments to the Bank Act, so as to permit provincial governments, as representatives of the people in their provinces, to invest in the equity stock chartered banks with full voting rights.

I find that a strange situation, Mr. Prime Minister, that it is my understanding that legally, the Government of British Columbia could invest in an American bank; but the same opening does not exist in Canadian banks.

And here, I refer to the only other aspect of the federal paper on this subject, which impressed me. It is contained at page 46, under the heading "Regionally Based Banks, and the need for them". The sentence is as follows:

What seems to be missing is the catalyst required to provide or ensure strong promotion and good management."

I suggest, Mr. Prime Minister, that to allow provincial governments to invest, as we have suggested in our paper, would provide that catalyst. Regional banks to have an impact at all, must have a strong financial base, good management, and strong promotion.

To achieve these goals, provincial government participation is necessary.

Any suggestion that provincial participation in ownership of bank shares would affect the federal government's power to regulate banking per se, or that it might reduce the effectiveness of national monetary policy is unsupportable in our opinion, and I will leave that for a later discussion.

Mr. Prime Minister, in concluding, on behalf of my colleagues and on behalf of the people of British Columbia, I think that the very frank, the very open and very forthright manner with which the proceedings have been prepared for, augur well for a solution of some of our problems. I don't think that we should be frightened of the differences of political structures; I think that they are

healthy, I think that they are normal in our British parliamentary system.

I am looking forward to the next three day's deliberation with a great deal of hopeful anticipation. I do believe that there is a desire on everyone's part to make this country stronger from coast-to-coast, and it is with that desire that I again thank you on behalf of the people of British Columbia for the opportunity of participating.

Prime Minister Trudeau: Thank you, Premier Barrett. Well, this ends the round of opening statements. There seems to be a fair measure of agreement at least on the areas of concern and, my suggestion would be that we begin the substantive items, which will give us ample opportunity to return to various aspects of our opening statements which have been dealt with and perhaps find a solution to some of them.

There is only one point that I would like to make because Premier Barrett returned to it twice in his opening statement. It's that he peculiarly chose to read the word particular in my written text to mean peculiar. I assure Premier Barrett that there is a difference between particular and peculiar but I wouldn't have raised it, except I rather felt he would be coming back to it a third and fourth time in the course of his statement.

Premier Barrett: I can understand from your point of view why you use the word peculiar.

Prime Minister Trudeau: Your copy must have been typed in British Columbia.

Then we would get to the item which I believe, certainly the Western Premiers and their governments, wanted to see at the top of the agenda. One, item of transportation, which we will begin with now. It is an item which I am sure we will have to return to at various points during the substantive discussions on other items, but we certainly agree with the provinces that this item should appear at the head of our preoccupations and I will ask the federal Minister of Transport to lead off this item. Mr. Marchand.

Mr. Jean Marchand (Federal Minister of Transport): Mr. Prime Minister, Premiers, just before I start reading the paper I have here, maybe I can speak naturally just for a couple of minutes. You have before you probably the Canadian that has been the most exposed to Canadian alienation, first as a French Canadian, second as a Minister, former Minister of Regional Economic Expansion where, of course, I had to work with the Maritimes that feel, of course, quite alienated and frustrated and now as the Minister of Transport, well, I'll know more about the western alienation, and as I spend say, more than three quarters of my life in Ottawa, there is another frustration because they have the impression that they foot the bills for all those alienations in Canada. So anyhow, this is the field where I'm well aware of, and, I would like to start right away on this paper on transportation.

The Prime Minister explained clearly in his opening statement the context in which the federal government views this Conference. My task is to convey to you how the federal government views transportation policy and

how we propose in cooperation with the western provinces to examine particular issues, some of regional concern and others which have a national impact. The transportation paper submitted on behalf of the four provincial governments sets out clearly and concisely the perspective as seen from the West and indicates the kinds of solutions which the Premiers would like to see emerge from this Conference. The federal government intends to respond not only to what is said in that paper but also to draw the attention of the Conference and indeed of all of Canada to exactly what is involved in a so-called "national transportation policy".

Any national policy must recognize both these issues that are common to all Canada as well as those which may be unique to a region or a province. In the West, as elsewhere in Canada, you are interested in safe and efficient transportation. The federal record in maintaining levels of air and marine safety is an excellent one and one which will become increasingly important as the skies and the sea lanes become more crowded.

Together with the provinces, we have also tackled effectively safety on the highways. The federal government through its program of control over the standards of automobile production, provincial governments through their highway control initiatives and together through efforts to achieve greater uniformity of standards for highways and for highway construction. The growth in the number of miles of surfaced highways has been one of the major changes in the character of transportation infrastructure in Western Canada in the last two decades. Since these highways have been developed in a north-south as well as a west-east direction, they have led to a significant increase in the availability of truck transportation. At the same time, Western Canada has exploited the emergence of oil and gas pipelines as significant modes of transportation and has continued to take advantage of the opportunities which air transport offers as a means of efficient high speed passenger movement.

The West shares with all other regions of Canada the desire to have direct and effective air links to all major Canadian centres, to key points in the United States and abroad.

The federal government has recognized this in the negotiation of its air agreements. Through Vancouver, the West is firmly linked to all the Pacific rim countries including China. If successful the negotiations now underway with the United States should open up a very wide range of new routes in interest to all of the western provinces. Air Canada has made important efforts to improve the service in many areas which it now serves in the West. In addition, I'm determined to insure that the regional and third level carriers play a growing role in reducing the isolation of communities by making more generally available the real benefits that schedule airlines, air services, can bring about today.

Our federal airport policy is also part of this total air service package. As you may know, a major international airport is to be constructed at Calgary. Vancouver is being upgraded to meet the traffic needs of the future and important changes are proposed for Saskatoon. A multitude of

other airports and navigation activities are now underway throughout all of the West. The West has a clear natural interest in the development of transportation into and within the territories. This has been recognized in the various schemes now underway and in the kind of consultation which we envisage having with you about plans for the future.

There are many other areas where western aspirations and interests are identical with the rest of Canada. Included in these are such matters as ensuring that the environment is not damaged as we take steps to meet new transportation requirements. We are also agreed that we must preserve Canadian control over our transportation system, especially with respect to vital export commodity movements. To do this means opening up new ports like Prince Rupert to permit resource shipments from Northern British Columbia, Northern Alberta and the Territories to move through a Canadian port rather than through the Alaska Panhandle.

We are in full agreement with the Western position regarding the enlargement of port facilities and improving access to those ports, particularly to the Lower Mainland of British Columbia. This will bring enormous benefits for the movement of mineral concentrates, coal, forest products, increased quantities of Prairie grains, oilseeds, and oilseed products.

The production areas of the West require continuous unhindered access to our international gateways. In recognition of this need for comprehensive improvement to the trunk rail connections, part of the agreement which the Governments of Canada and British Columbia concluded yesterday will ensure the construction of the Ashcroft-Clinton rail link. This will produce benefits for Prairie grain shippers as well as British Columbia resource industries. It will protect the system from the blockages that occur from time to time on CN and CP's canyon routes and it will also provide a further assurance that as traffic grows it will not have to be diverted through the United States.

The export flow of Prairie products, of course, is not all westbound. To the north there is the port of Churchill and at the head of the lakes there is Thunder Bay. We stand committed to continuing improvements and to provision of new facilities at these ports as need indicates. In this respect we would welcome western involvement in undertaking a joint assessment of the future potential and requirements of these vital ports.

Your paper reflects the theme of this Conference—that the West has some unique problems. I agree with this. We stand ready to tackle these problems with you co-operatively. But their successful resolution is also a matter of national interest. If the West becomes stronger, then all of Canada will benefit.

If I might be permitted an aside as a Minister from Quebec, the recognition of the cultural, linguistic and economic aspirations of my province will, if properly handled, lead to a much stronger and more unified Canada. I think we are already beginning to see the evidence of this progress. We felt held back, that we were not contributing at

the level of our full capabilities. I sense that western feelings are very similar in their nature.

What are the unique problems of the West and what does the federal government intend to do about them?

As a prerequisite, we need agreement on a clear definition of development goals. Only when we have them can transportation as a service industry respond effectively.

For example, the West, with its rich endowment of natural resources and its enormous food producing capability, depends upon adequate access to both overseas and continental markets. It is quite obvious that, if we are going to serve the needs of an expanding Western manufacturing and processing sector, we must improve highways, railways, port and airport facilities here in the West; and if we are going to open up new areas for development we must extend our transportation facilities in an appropriate and timely way. We must make them second to none.

Next, there is the matter of freight rates. The federal government is fully conversant with the problems identified by western spokesmen. We propose a program involving the following steps.

First, the federal government is discussing with the railways the need to refrain from any new freight rate increases on the so-called "across the board" items for a period of eighteen months. This will permit us the time to examine with you and to find a solution to those freight rate anomalies which are genuinely detrimental to the West.

Second, prior to this Conference, I have asked the Canadian Transport Commission to review, as being matters of concern, under Section 22 of the National Transportation Act, a number of rates which have been brought to our attention by various groups in the West, including provincial governments. I have specifically asked the CTC to take into account the public interest in making their determination, as indeed they did in the recent decision on the rapeseed case which was, as you know, the first case to be heard under the provisions for appeal specified in Section 23 of the National Transportation Act.

Our deliberations at this Conference, and any subsequent joint recommendations which may be made through federal-provincial consultation, should and must play an important part in the Transport Commission's findings.

I am tabling with the Secretariat a copy of my letter to the Chairman of the Canadian Transport Commission with respect to the proposed review under Section 22. I think that this gives clear evidence that the Government wishes the Commission to take into account policies enunciated by the federal and provincial governments individually or jointly.

So what I have in mind—in this letter, I am not going to read it, Mr. Chairman, but we ask for specific things; not general policies or inquiries. We ask, for example, in the field of raw material versus finished products—and this is just an example that I am giving—from Brandon to Toronto, for example, livestock, which is at \$2.44 and the fresh meat is at \$3.23 which is the same distance. Will you please inquire into this and make a report and give us the reason for that.

You have differences in the field of long and short haul. You have steel, for example from Hamilton to Calgary, which is \$2.46, and from Hamilton to Vancouver, is \$1.64, which is one-sixth more. Would you please inquire into this and we want a report.

I am just giving examples of what we are asking here.

The same thing for the rate structure versus raw material and finished products. Prince Albert to Toronto, there are two cases. Livestock and hung beef where there is a difference of not far from 75 cents per hour. We took, say a certain number, I think it's over a 25 rates, and we say, well, we want answers to those rates and know the reasons why those rates are different and how do you explain it?

Third, the transportation paper from the West has suggested that the National Transportation Act be amended to clearly present regional economic development as a basic objective of national transportation policy. I believe this aim can be achieved without an amendment. It also would be more in keeping with our democratic process if our two levels of government achieved agreement on what was required for regional economic development without leaving it to a regulatory body. I will have no hesitation in reviewing the legislation if it becomes necessary, but I feel that we should first of all explore its full potential in Western Canada and indeed in all regions of the country. And this is our contention, that we haven't made the best of this Act and I think that even the federal government, as such, has not intervened enough in those cases before the Commission.

Premier Lougheed: Would you mind reading that again?

Mr. Marchand: I will have no hesitation in reviewing the legislation if it becomes necessary, but I feel that we should first of all explore its full potential in Western Canada, and indeed in all regions of the country.

Fourth, that means that if we are wrong in saying that we can do those things under the Transportation Act as it exists, we are ready to amend it. But we think we have to make this test. It was made in the case of the rapeseed, and we think that we can make it in many other cases and be successful. We will not say that we will change the Transportation Act just because we think that it should be changed. We believe, during the discussions, maybe I can say a few other things on that, and you will see in what spirit. It is not in order to keep the status quo, it is in order to make the modification, but not to say, let's scrap the whole Act just because we think it doesn't work.

Fourth, closely related to concerns about freight rates is the question of reasonable cost disclosure. We agree fully with the provincial position that this is desirable, and if it cannot be achieved under the existing Act, which we believe it can, we are prepared to amend the Act.

Finally, a matter of great concern throughout the West and which is referred to in the provincial paper is branch line abandonment. We have decided to freeze all of the remaining branch lines not covered earlier until the 1st of January 1975. During that time, as in the case of

freight rates, we are prepared to discuss with the provincial Governments, such changes as may be desirable, and these, if announced jointly as a matter of policy, would indeed need to be taken into account by the CTC in dealing with applications in its review after 1975.

In short, I think we are only now on the threshold of exploring what can be achieved under the National Transportation Act if we work together. To implement this new cooperation, we propose the establishment of a federal-provincial group to maintain the cooperative involvement between the federal government and the West on transportation matters. We should discuss here how this body should be set up and how it can make a continuing contribution to problem solving in the transportation area. I visualize such a body evaluating and making recommendations respecting all modes of transportation—air, rail, road, pipelines; and marine.

We have recognized, and any continuing machinery we establish must continue to recognize, the importance of equal treatment for all modes. The importance of an adequate road network, whether this means improvements to existing systems, to raise trucking productivity through higher and more uniform weight limits or helping to thrust our road arteries into new and untapped areas of a high development potential is constant with this principle.

One immediate step toward providing more equal treatment between the truckers and the railroads that the federal government proposes is to remove the tolls on all licensed commercial carriers passing through our major national parks in the West.

This is only one step in a concerted program to ensure that there is equal treatment between the trucking and rail modes. The competition between them has been, as was envisaged by the National Transportation Act, of great benefit to the public at large. I am sure that the federal-provincial group which we have suggested will be particularly interested in ensuring the further growth of the trucking industry in Western Canada.

There are particular problems concerning the trucking industry, some of which are national in character, and we stand ready to examine these with you, and indeed with the rest of the provinces in Canada. The road system tends to be paid for totally by the user—a rather higher figure than the rail mode and certainly higher than air and water.

Much has been said about successive Royal Commissions which have studied transportation, and the provincial paper on transportation suggests that these have failed. This is scarcely true if we compare our transportation facilities with those of any other country. Stock-taking is of great value in itself, and this conference is perhaps in a sense the most important stock-taking ever held with respect to transportation problems in the West.

I have been particularly interested in the very constructive responses which the Prime Minister has received to his recent letters from a number of groups with particular interest in the future development of Western Canada. These responses, together with the very detailed reviews which have been undertaken in preparation for this Conference, suggest that perhaps we are not

as far from being right today as we think. In moving to a series of discussions with all of the regions of Canada, the federal government has avoided the temptation of intellectual symmetry in solving transportation problems. In the language of a philosopher of my own tongue, Cavour, we must adopt "le tact des choses possibles".

I am sure that it is also clear to the provinces that we will need to involve municipalities, and that consultation all the local level is of the essence. The federal government has now reached an advanced stage in the preparation of legislation which will provide assistance for the relocation or re-use of rail lines in urban areas. This is an issue of vital concern for communities of all sizes, ranging from Winnipeg to Wetaskiwin, and illustrates the integral role of transportation policy in the planning process as cities strive to improve the quality of the urban environment.

All of us here today would agree that the West has already made a great contribution to Canadian national objectives. But I believe that the West has an even larger role to play. Your expertise and your drive are needed not only with respect to transportation policy in the West but also with regard to other areas of policy elsewhere in the country.

As a Minister who has held both the portfolios of Transportation and Regional Economic Expansion, I wish to see the closest possible integration of these activities in promoting new growth and strength in the West. We wish to foster your growth because all of Canada, all of us recognize what it can do for the country.

Prime Minister Trudeau: Merci, monsieur Marchand.

I will now ask the joint spokesman on the subject for the Western Premiers to lead off. I believe that is Premier Lougheed of Alberta.

Premier Lougheed: Yes it is, Mr. Prime Minister, but because of the nature of the response by the Minister, I would prefer, rather than to make a long series of remarks, to ask a series of questions.

Initially, we presented our proposals, which I think the federal government has had for some time, and of course this is the first we have heard in terms of response. The transportation paper that we received was a very general and broad one, and referred to the fact that you would be making some responses here.

Before doing that, though, Mr. Prime Minister, I really think I have some questions that I would like to direct to you, and this one in particular. We, as four provincial governments, have presented common position papers here, common proposals I think is the phrase we have made. We have used the word proposal in that sense. That is what we think is the desirable course in terms of this Conference, and have presented it here as proposals.

I don't think there is one Premier here who, over the course of the next few days, is not prepared to have an open mind with regard to the views that may be expressed in terms of response to those papers by the various representatives of the federal government and, in fact, even as between the provincial governments here. But Mr. Prime

Minister, I am very interested in the answer to a particular question, and that particular question is that we have heard a response from the federal government through the responsible Minister.

Is it the view of the federal government, so that we can have some idea of the nature of the discussions during the coming three days, that the federal government is prepared to be flexible and to adjust and to alter the views that have been presented here by the Minister on his first and very important agenda item?

Prime Minister Trudeau: Yes. I hope it would be the position of not only our government but of your governments to have the maximum amount of flexibility. We decided to hold this Conference because we all felt it wasn't sufficient just to exchange papers and to state views. I think that we have, in our opening statement, indicated various responses to some of your suggestions, which have been in our hands I guess eight or ten days now, but we have also put forward suggestions for action in areas which we ourselves feel are important.

I think the purpose of the rest of the day, and that is why we left such a large amount of time on the agenda for transportation, would be to discuss either suggestions that we make and with which you might not agree, or which you might want to see modified, or discussions which you have mentioned in your papers and which we have not covered here but about which you might want to ask questions. This is the way, as Chairman that I would like to see the Conference proceed.

Premier Lougheed: Mr. Chairman, if my recollection is right, because I do not have the document in front of me, on three or four occasions the Minister used the words—the federal government had decided. I was alarmed by that word 'decided' and I just wanted to have it cleared as you have now done, that that was put in the sense of 'decided' in terms of a particular initiative presented to this Conference, rather than decided in terms of any proposed reaction to any debate or discussion we might have on the item.

Prime Minister Trudeau: That is generally correct. The expression refers to the fact that the matter has been examined in Cabinet, much of it before we had the benefit of receiving your papers, and that we authorized the Minister to take certain position on behalf of the federal government. But now that we have had your papers, and especially now that we will benefit by discussions on the basis of these papers, surely if we have made some decision which is useless to meet the objective which we are pursuing, if it is of no avail to the Western Provinces, we are certainly prepared to modify such a decision.

Premier Lougheed: Well, with respect, Mr. Chairman, we weren't going to the extreme of useless or brilliant; we hope we are going to be striking some middle ground here.

Prime Minister Trudeau: I am referring to particular items. I have none in mind, but if you feel that we didn't really tackle the issue at hand, we certainly would be anxious to hear your views and, if necessary, modify ours.

Premier Lougheed: Perhaps then I could direct the next question to the Minister, and I may not have heard him correctly regarding the second proposal made on the first item on our agenda, which is transportation. I would just like to say that I believe it is pretty clear in the exchange of documents that led to this Conference, the very strong feelings of the western provinces that transportation should be the No. 1 matter we should deal with. And I think that was underlined by the Chairman earlier. For that reason, of course, it is extremely important to us and that is why we have rated it that way.

We think that if we are going to have a Conference with fundamental changes, we had better have fundamental changes in terms of transportation. But I may have misunderstood and I may not have heard. So I would like to direct this question to the Minister.

The second item we raised was cost disclosure, which we have, and I believe Premier Blakeney referred to in his opening remarks as being a pretty fundamental change. Did I misunderstand the Minister, or did you not deal with that item?

Mr. Marchand: I did deal with that.

Premier Lougheed: Could you perhaps underline it again.

Mr. Marchand: We said that we are ready to support your position and in certain particular cases we are not ready at this time. After discussion in this Committee that we are proposing to constitute, if you convince us it is feasible and it can be done, it would be to the advantage not only to the West but to the whole of Canada. Okay, but right now we think that taking the position that you say we are going to disclose all the rates, not only the rates of the railways, but the trucking rates, the shipping rates, and we have to disclose everything.

Our reaction, and this is what we would like to discuss with you and see what are the implications of all this, but we know very well that in certain cases if you don't have the facts, if all the facts are not disclosed, it is useless to go before the CTC because you cannot make your case. And on this we agree.

Premier Barrett: Can you think of a case where this wouldn't be true? Can you think of a case where it would be facts and it would go before the CTC without facts?

Mr. Marchand: Facts. Well without facts, there are facts which are known from different sources. There are cases where you can make your case before the Board, before the Commission, without having this general philosophy or principle of disclosing all rates. This is our conviction. This the point we would like to discuss.

When we use, Mr. Lougheed, the word 'decide', it is an answer usually to what you already asked. For example, when we decided to abandon the tolls in the National Parks, is this provocative? This is something that has been asked for by the West for a long time. So we say we decided to abandon them, and we decided to accept a certain number of things.

We decided about the port of Prince Rupert, for example. I don't think you should be adversely affected by that. We think we are just responding to something the West was asking for.

Premier Lougheed: I take it from that Mr. Minister, on this item you haven't decided and you have an open mind and are prepared to discuss it?

Mr. Marchand: We are ready to discuss. We say that first part, you know it's just like if we decide to expropriate all the railways of the CP and to buy, no... we are ready to discuss this whole thing, not only to put the demand in general terms and say without knowing what it is going to cost, are we going to pay for it, or are we going to say, well just give that back because you received a certain amount of land, say 50 years ago. But all this, I don't think you can reasonably ask us to say that's okay, we accept that, we want to discuss it with you, that's all.

Premier Lougheed: Just as long as we are clear on that particular item, No. 2 in our proposal, that is something you are prepared to listen to our counterviews, not have a decision on, and listen to how strongly we feel about that item.

Mr. Chairman, because we have this—

Prime Minister Trudeau: You are changing items now? Because Mr. Lang wanted to comment—

Mr. Otto Lang (Federal Minister of Justice and Attorney General of Canada): I think Mr. Lougheed was momentarily distracted when Mr. Marchand was referring to this particular section. What Mr. Marchand made clear was that we generally support the position of the provinces in meeting cost disclosures, that we feel that the CTC provisions can indeed provide for that already, and what he specially added, the Minister did, if necessary we would make changes in the legislation to see that that was accomplished. And so I think he was pretty forthcoming in that regard.

Premier Lougheed: I am distracted by the response as well. Mr. Chairman, perhaps because of the magnitude of the subject, is there any merit that we could perhaps deal with it, in terms of the proposals, in some order, such as the order that we presented in our position paper, and then concentrate to a degree in terms of the rail situation, then to the ports, then to the air or highways in some order, so that during the course of the balance of the morning and the afternoon, I know we will be overlapping and we can't avoid that, so that we are not jumping? I would propose that for discussion we follow our three proposals on changes in the national transportation policy, first; cost disclosures, second; pricing for regional development, which is essentially rail, third; (maybe we could bring all of rail in terms of your responses in that area). Item No. 4 is the ports, and then perhaps we could move to highways and finally to air. If we could follow that sort of sub-agenda we might be able to deal with it a little more easily.

Prime Minister Trudeau: What were the first two?

Premier Lougheed: Changes in national transportation policy, secondly cost disclosure, thirdly, pricing for regional development and that would involve the whole area of freight rates. Fourthly, ports and facilities involved with ports. Fifthly, highways and sixth, air. And if we miss any I am sure somebody will bring them up.

Mr. Marchand: That's okay. Just for your information, because probably in the meantime you will have to discuss, I will just reread the best I can this passage concerning the disclosures.

Fourth, closely related to concerns about freight rates, is the question of reasonable cost disclosure. We agree fully with the provincial position that this is desirable and if it cannot be achieved under the existing Act, which we believe it can, we are prepared to amend the Act. So is that clear?

Premier Lougheed: The operative word I presume is 'reasonable' as distinguished from "full"?

Mr. Marchand: Yes. This is the field where we will have to discuss it.

Prime Minister Trudeau: That would come up under sub-item 2.

Mr. Marchand: If you ask me if this is exactly what you asked for, the answer is no. But if you ask me if we just turned it down, the answer is no too, because—

Premier Lougheed: Tentatively.

Prime Minister Trudeau: I will try, as Chairman, to adhere to this order of sub-items you have just suggested, Premier Lougheed. As you say, there will obviously be some juggling from one to the other, but if you wish to begin on changes in the national transportation policy, we would be agreeable to that.

Mr. Marchand: On this, Mr. Lougheed, maybe you will agree. When we discuss the railways I think we will have to discuss the trucking industry at the same time. Because they are so tightly linked we have to discuss both.

Premier Lougheed: Yes. Mr. Chairman, our reaction of course, with regard to the National Transportation Act, is that when you have an Act as important as that to the welfare of Western Canada, the legislative framework of that Act is fundamental. Reading the national transportation policy, which is section 3 of that Act, it can be argued that there is an element of regional development within the interpretation of section 3, but it can also be argued that, because it is not specifically there, it is not a specific policy objective of the legislation. And if this legislation is going to sit over on top of this whole discussion and transportation policy in Canada, it strikes me that we have to come and hone in, as we have on our position paper, on whether or not that legislative framework is adequate for the objectives that we have here.

The Prime Minister has outlined objectives; we have outlined objectives for this Conference, and surely this isn't something that we wait to discuss at a later time, or decide. I can't think of a better or more appropriate time

to decide it than here and now. And if there is any question that one of the objectives of the National Transportation Act is not regional development, and I think these arguments have been made from my studies and review of it, if there is any question about it, surely we should, as a response by the federal government, as the major No. 1 item of transportation, as the basic legislative framework for it, at least have from the federal government the response that yes, we think that the Act should be clear about it, and we are prepared to insert it as a particular specific part of the national transportation policy of Canada. So that from here on, in whatever arguments there are, wherever the argument is presented, and whatever tribunals are involved, there is no question that one of the fundamental objectives of the national transportation policy, that can go right back to precisions, to section 3 of the Act, the Act that overrides our entire discussion today, and to leave it hanging as, with respect, Mr. Minister, I sense we have done by saying we will let some group of officials consider it, doesn't seem to me to come to grips with why we are here at such a conference.

Mr. Marchand: Well I will be tabling a full study of the CTC on articles 54, 22 and 23, because I wanted to be sure that under the Act as it exists, we can consider what we call public interests, and public interest is defined by the government and one of the objectives of government is to have regional economic development. So I think that, of course, the first objective of a transportation policy is to move people and goods. That is the first objective, and it is a service, but it may be used as a tool for regional, economic development, and on this, we agree.

Premier Lougheed: With respect Mr. Minister, I have been involved on both sides of that argument, made it and received it. You know governments come and go. And as far as I am concerned, what is pretty fundamental is that the legislation be there and that's all we are asking. If you agree that it is a basic policy objective of the National Transportation Act, then it seems to us, subject to any caveat you want to put in terms of the legalistic or legislative part of it, it seems so fundamental to what we are trying to do here in Calgary, to have that commitment, that undertaking, that that will form a specific part of the legislative framework of the basic Act.

Mr. Marchand: This is why Mr. Lougheed, we are trying to bring before the Commission, as soon as possible and in fact it is already there since June 1st, all those anomalies or long haul, short haul, freight discrimination, and so forth, because we want to be sure that the decision in the case of the rapeseed is not an unique decision that is not going to be followed. But that this principle of public interest is going to be kept in mind by the Commission in all those cases which are obvious and have been cited here by people from the West since the Act is there, and maybe before that.

Premier Lougheed: Mr. Minister, nobody is questioning your sincerity in terms of that would be the view that you would look at when the cases are referred to you. The point isn't that. The point that I am saying, is that in terms of a legislative objective, that the people who

are hearing these cases, arguing these cases, preparing these cases, know, without any equivocation whatsoever, that the legislative objective is regional development, as well as others, in terms of National Transportation policies, and surely we can have that limited agreement on transportation here.

Prime Minister Trudeau: Is it not possible, Premier Lougheed, that the regional economic development policy could be pursued by other tools and other means? And you will hear from Mr. Jamieson tomorrow proposing precisely what is your aim. But we do consider that that department try to correct regional disparities by subsidies to transportation. It may well be then that the remedy is not in changing the National Transportation Act, but in ensuring that on one hand the interpretation of the Act be made to follow public policy and on the other hand, that public policy do state with the Minister, that he will assist regional development through subsidies of transportation. You are trying to, if I understand you correctly, prejudge the issue by ensuring that the National Transportation Act itself do insert the notion of regional development. It may be that after discussion we will find that the more appropriate economic tool is a subsidy to transportation in the case of a particular industry or particular goods.

Premier Lougheed: Mr. Chairman, that would bother me more, because it is our view and quite clearly by our position paper, that national transportation policy should have as one of its basic objectives, regional development, without any question. Now, if that isn't accepted, that is even a further retreat I would say from what the Minister was presenting. If I understood the Minister's argument correctly, he was saying that he takes it that an interpretation of the Act is that that is in fact one of the policy objectives. We are saying leave this without any equivocation, what better time than a conference such as this to declare it, and specifically set it in the public policy.

Prime Minister Trudeau: I think there is complete agreement with what you said, and I certainly didn't indicate anything different in my mind. But the discussion as you are posing, it is whether the Act should be interpreted to change to say better not. Mr. Marchand is answering that we think the Act can be used, and a total transportation policy of the Government can be used to follow the objectives which you and we want to pursue, but whether that should come from commitment at the outset to amend the Act or not, is something which might develop as a result of discussions, but we don't see it as they on conclusion.

Mr. R. M. Strachan (Minister of Commercial Transport and Communications, British Columbia): Mr. Chairman, it seems to me that Mr. Marchand has made a definite statement that the Government has asked the CTC to review some of the freight rates which have been brought to its attention by groups in the West. Now, this is first of all, a unilateral action, without, obviously, it is going to be without consultation with the western provinces. Secondly, I think in what you just said, Mr. Chairman,

you have avoided a commitment to regional transportation development and that is really what the west is asking for, a commitment from the federal government for regional transportation development.

Prime Minister Trudeau: I am indicating that this is one of the things we will be pursuing, both through Mr. Marchand and Mr. Jamieson. What I am avoiding at this stage is a commitment to amend, to put particular words in the Act. It may be that that is not necessary.

Mr. Strachan: Shall I put it another way that you are now making a commitment that there will be regional transportation development?

Prime Minister Trudeau: I am making a commitment and you will hear more of it from Mr. Marchand and Mr. Jamieson, that we will subsidize transportation in certain cases to fulfill the aim of regional economic development.

Mr. Strachan: Does that include the ferries on the West Coast?

Prime Minister Trudeau: What sub-item is this?

Mr. Marchand: When you say that it is just a unilateral decision to refer those rates, those rates we had not invented. There has been specific complaints about those particular rates that we referred to the Commission but it is not limitative at all and you can submit a great number of other rates and we will probably agree that they should be studied too, excuse me sir.

Premier Blakeney: I am really disturbed by this. I listened to the opening statements and it seemed to me we made a clear commitment to regional economic development, and we have done this now for four years or however long the Department of Regional Economic Expansion has been in existence. We know that rail rates have militated against this and if anyone wishes to argue that point I'd be happy to do so, but I think it is hardly worthwhile. It is, I think, blindly obvious. We are looking for a commitment that rail transport will be used as an instrument for regional economic development in the way that it has since this country was born, and this was the point we made in our earlier statement, both you sir and me. Now, I go one step further. It is true that the Minister is saying that these things will be considered by the CTC. With every deference, I think that is irrelevant. The CTC is a group of public servants who ought not to be concerning themselves primarily with fundamental points of public policy such as whether or not our railways are going to be an instrument of regional economic development. I think that we should have a commitment that they are. Now I realize the point that the Prime Minister is making, that they can be an instrument of economic development without being in the Act. But I understand clearly that has not been the intention of the Government. Since DREE was established, since it hasn't happened, and you can understand our belief that we would be rather better off if we had a legislative commitment to the effect. And quite frankly, we in the West, believe that we have a right to have our rail transport system used as an instrument of regional economic development in the same way that it

has for a century been used as an instrument for industrial development in Central Canada.

Prime Minister Trudeau: Premier Schreyer?

Premier Schreyer: Mr. Chairman, I feel I really must support my colleague Premiers from Alberta and Saskatchewan in this respect. There seems to be an attitude on the part of Mr. Marchand and yourself, Prime Minister, that all right, there is some problem with respect to regional development on the Prairies and Western Canada that relates to freight rates, but can't we solve that problem by means of ad hoc subsidies under DREE? What is really fundamental to the case, to the argument that has been made by western Canadian provincial government for many years, by successful government, and I don't think they were playing to the gallery, is that freight rates do indeed militate against the establishment of manufacturing industry on the Prairies. As a case in point, one could take rapeseed crushing and oil processing. I couldn't help but notice that Mr. Marchand referred to the recent decision of the CTC vis-à-vis rapeseed meal and rapeseed oil rates and Mr. Marchand referred to it this morning in a positive way as though some equity had been realized. In fact, it was only half of the objective that was realized at this last hearing of the CTC. Because the simple fact is that over the years and right up until today, and I dare say into the future unless something specific is agreed to here, rapeseed oil processing will still for the most part be done in the Great Lakes-St. Lawrence low land areas, and we will not be able in Western Canada to establish the full possibility or the full potential of rapeseed processing. To say that rapeseed meal can travel at the same rates as rapeseed, as the raw product, but that rapeseed oil can't is still an indication that the CTC and the Railway Transport Committee are still not prepared to acknowledge the fact that there is need to make special efforts to develop the secondary processing manufacturing capabilities of raw product grown in the West, to have it processed and manufactured, value added, here in the West. Now, that should be written into the National Transportation Act as Mr. Lougheed has been trying to assert, rather than dealt with on an ad hoc basis under DREE or any other ad hoc program. That's the point.

Mr. Lang: Mr. Prime Minister, I think there are two different aspects that we are looking at here at the same time. One is regional economic expansion policy in the legitimate or genuine sense and the other is an historic existence of freight rates which have run contrary to a certain type of regional economic development, rates which have not been equitable as the CTC itself found when it compared rapeseed meal and rapeseed. It was not in a position to solve all of that problem because as it is well known that there are parts of the aspect of that problem out of the CTC hands and obviously more has to be done. If we are talking of a principle of equitable rating that doesn't, by itself, thrust development into one area of the country or another without it being government policy, that is one thing. And that's the kind of thing that I think you should have seen in our statements more

and more emphasized that we see this inequity and that as a matter of public policy it is not desirable. That is the kind of thing which the CTC in looking in these kind of cases can take into consideration. It's the kind of thing which we make from time to time, under Section 54 of the Act, have put forward ourselves, as we can through the Minister of Justice, put forward our arguments on the case; what we think of in terms of going beyond that is when regional economic expansion policy leads to some further need for assistance and then it should be taken in a positive way with all of the factors taken into consideration including the problem of whether, if you are helping a particular shipper, you must help him in such a way that he can use truck or rail and not just use one particular mold. I think it is those two different aspects that have to be borne in mind. The existing rates which are sometimes inequitable between different types of products and between different distances and districts, that I think we're agreed upon.

Premier Lougheed: Mr. Lang, I am not sure that you are following the point of what we are saying. We have said this, it is a western economic opportunities conference. We have asked as a commitment and undertaking by the federal government that, without any equivocation whatsoever, the national transportation policy of Canada should have as one of its basic objectives, the matter of regional economic development. We have not been satisfied, as the Premiers have just mentioned, that, to this date, national transportation policy has done that. We are not satisfied that the interpretation of merely saying, well that is the interpretation of an Act is enough. And surely, if as a public policy for Canada, the national transportation policy is such as to have economic regional development, it should say so in an act. I can't think of anything more fundamental. What has to be disconcerting is the reaction by the federal government to what we thought was a very simple request when you look at the nature of the Act. We would have thought that all the arguments have always been, "well, it's there anyway", and all we are saying is, let's clear up any ambiguity and say so unequivocally and we would have thought, of all the things that we presented to you, Mr. Minister, it would have been the easiest to handle.

Mr. Marchand: If you refer to the Act—I don't know how many lawyers there are around the table but I am not one so you can contest it anytime, but in the article 3 that you cited, Mr. Premier, you say that one of the objectives of the national transportation policy is "to remove an undue obstacle to the interchange of commodities between points in Canada or unreasonable discouragement to the development of primary or secondary industry or to export trade in or from any region of Canada or to the movement of commodities throughout Canadian ports". This is one of the objectives of the policy. So that means that maybe it has not been interpreted that way and you have under Article 54, if my memory serves me well, you have this authority for the Minister of Justice to designate somebody to appear before the Board, the Commission, in order to say what the national interest is and they are

committed by the first part of this article to follow the national policy.

So we tell you our contention and we may be wrong. Maybe when we will discuss in small committees with all the experts, they will say that well, this is not clear enough and maybe we should clarify it. We say that we can achieve this objective. What we have been asked for and what we have tried to achieve is the discrimination in freight rates against the West. And say, well, let's take immediately the steps that we can take because those complaints have been known. You know I am criticized today because we have decided to move rapidly. On the other hand we were notified many days before this Conference, we hope that something is going to be decided, so I don't know what way we should have taken, but anyhow we will see if really the Act can operate in that way. If you are right we are ready to amend it.

Premier Lougheed: Well, are we prepared then, Mr. Minister through the chair, are you prepared to say that there is no question that the aim of the national transportation policy of Canada includes regional economic development and, if there is any significant question that can be raised, that it is not now considered within the Act, that over the course of the evening you will come back and say we will put it in the Act.

Mr. Marchand: That is one of the objectives of the Act. I don't say it is the only objective but it is one of the objectives of the Act as we read it. If we don't read it, well, we have no objection. But we are not going to amend it if actually you know it is just like the procedure before the Commission. We want to shorten that because it is too long and there are ways and means. You don't have to amend the Act. The Commission has only to adopt a better procedure, to have free hearings, and they can do it.

Premier Lougheed: With respect, Mr. Minister through the chair, if there is any question about it, and if that is your policy, why not say so clearly within the objectives of the Act.

Mr. Marchand: What I am saying is very clear, if the Commission—any amendment that you can bring to the Act, if the Commission does not take it into account, you don't have to change the Act. It is better to change the Commission.

Prime Minister Trudeau: Could I, as Chairman, ask a question following from what Mr. Marchand and Mr. Lang have said, just to make sure that I understand the position well. I understood that the position of the Provinces is that they essentially wanted their hands to be freed or the load to be taken off their backs. They wanted discriminatory practices against them to cease. If this is what you want then, surely what you are saying, is that the National Transportation Act should be neutral towards all parts of Canada. It should not favour the development of the centre or of any particular region. If this is what you are asking for, we are obviously prepared to agree. We came here with the intention of telling you indeed, and Mr. Marchand has given some examples,

of cases where we will make sure that discriminatory aspects against the West is lifted away from the practice. But you are asking more now that we write into the Act, not into our policy, because both Ministers and indeed the creation of the Department of Regional Economic Expansion is indication that it is our policy. But are you asking now that it be written into the Transportation Act that it no longer be neutral, but that it be written in a way to favour regional economic expansion, and if so, of what regions? If it is, obviously the Act has to apply to all of Canada, it can't apply only to the West, it has to apply to every region in Canada and I don't see clearly how we can write into the Act, anything which will, you know, assure you that the West will be developed through the National Transportation Act. What we can assure you and what we are assuring you is that (a) the discriminatory practices against you will be removed and (b) insofar as regional economic expansion is called for, and here is where Mr. Jamieson will follow-up tomorrow, we are prepared to subsidize transportation rates; we are prepared to use other tools of regional economic development to ensure the development of various regions of Canada. Surely this is the proper policy of the Government of Canada. It is not to have a Transportation Act which will be biased in favour of one region. You are asking us that it cease to be biased in practice against the West and this is what we are prepared to do.

Premier Schreyer: Mr. Chairman, I am sure you are not asking the questions in a rhetorical way and so I will attempt to answer at least in part. Obviously, we are not asking for a freight rate structure that discriminates either for or against Western Canada. But what has to be understood at the very outset for this whole discussion to be understood, is that the present freight rate structure in Canada is based on a concept of competition, inter-modal competition, and it is more than any other single factor the reason why there are such glaring anomalies on east-west freight rates and for that matter on north-south freight rates. We have tried to document specific cases of anomalies in rail freight structures as they exist at the present time in Canada and as they affect Western Canada. If, and this really comes back to the whole point of the exercise that we have been engaging in for the past several months, and Mr. Peacock has been, if I may say so, doing a very great service, the whole point of this exercise is to attempt to persuade the Government of Canada, that national transportation policy should try to bring freight rate structuring to be related to cost. And therefore, we have to get some better assurances with respect to cost disclosures. But as long as we have such silly cases where the CNR or the CPR for that matter refuse to lower freight rates to a given community until the Province spends hundreds of thousands of dollars to build a roadway, a highway. As soon as that highway is built down comes the railway freight rates. It's absurd. It boggles the mind and yet that is precisely how we are proceeding in Canada, in Western Canada, I presume elsewhere in Canada for the past decade.

So when you say, do you want a neutral Act I would say yes. We want an Act that is non-discriminatory in

rate structuring, but one that gets away from this basis, conceptual basis of rates being structured and derived from competition effects because that is what is causing all the trouble. We should be thinking in terms of a public utility the rates of which are determined by cost.

Mr. Marchand: This is the kind of thing we would like to discuss. You know, if you introduce the concept, the direct concept of regional economic expansion in the Act, that means that the CTC is the body this is going to define what is regional development and I tell you that this belongs to the Government not to the CTC.

Premier Blakeney: The railways assume it belongs to them now and I have a very great number of documents to prove it.

Mr. Marchand: Well on this issue we would be on the same side of the fence. I tell you, you know, if it is the CTC that is called for, who is asked to define what regional development is, I tell you this is not the proper body. If our regional policy is not good, we'll give hell to the government and this is normal and say you have a rotten regional economic policy. But I don't think you can put that in the hands of an administrative body which has no responsibility to the public. We tell you that our policy is to do that. We tell you that we can do it through the Transportation Act as it is. Now, if we don't do it or if some tribunal says you cannot do it because the law does not allow you, okay, you're right, let's modify the law. But we tell you that we can do it and we can. The Minister of Justice can nominate somebody to represent the government at all hearings and say to the CTC this is what we consider as being the public interest in Canada and it does not belong to the CTC to say what is public interest in Canada, it belongs to the government. And if the government does not define public interest in the right terms, of course the population has a recourse, and you know what it is.

Premier Blakeney: I must say, Mr. Prime Minister, that the last part of the discussion has disturbed me even more than the earlier part. And I say that not facetiously, because I detect a belief on the part of the federal officials that to create what they assume to be a system of competition equally across Canada somehow brings some measure of equality. This is where we always suffer, in our judgment, since we are not able to erect competitive modes of transportation. We do not have publicly subsidized ports in Saskatchewan. We do not have publicly subsidized seaways in Saskatchewan and it is not practical for us to build roads that will compete with railways in Saskatchewan. Accordingly, we are going to rely on rail transport and uncompetitive rail transport. We are not able to know what the levels of profit are from the railway companies because the federal government says that it is not appropriate for us to know the cost figures. We therefore feel, that we must have, in this exposed position, a positive commitment from the federal government, not that they will create conditions of neutrality which might be interpreted to mean neutral competitive conditions but rather a commitment that they will use the transportation policies, and in particular the National Transportation Act, as a

method to protect us against our current underdeveloped status.

Mr. Marchand: The problem is if we talk in terms of national transportation policy, what can it be? You know, the transportation problem in the Maritimes, they have been subsidized for I don't know how many years, you know, at 30 percent and now they ask for 50 percent. It didn't have the effect, unfortunately, to develop the secondary industries in the Maritimes but we have that. We have the protected lines for example. We have the Crow's Nest which is frozen. What is the national policy? I think that we have to have a national concept but we have to adapt all programs or policies to the region because you have specific problems. The problem of transportation in the Maritimes is not the same at all. Do you think in Newfoundland they have the same transportation problem as in Saskatchewan? It is quite different. So this is why we think that we have to have a national concept but I think that as far as regional development is concerned, this is the responsibility of the government and we must see to it that this piece of legislation can be used when we judge altogether, that it should be used.

Now, if you say well, let's freeze the freight rates where they are, the railways, we will have to do the same thing with trucking. We have to see the implication on trucking and you know that it's in the West where the trucking industry is the most developed in all of Canada. I would like to have some evidence that it is not going to destroy that industry and maybe it is the one that allows us to have say, freight rates, which are reasonable in many cases.

And what is the relationship with the water transportation? We have to take that into account. You know that those abnormal rates that have been cited so many times here in the West in comparison say, from Calgary to Vancouver, well are due sometime to water transportation. What are we going to do with that. Oh yes. They are. I regret but everything has not been wrong. There are a lot of things which are wrong. We just ask you to give us a chance to correct them. I don't know if you want to keep them there for some reason that you don't want to explain. We want to correct the injustice and after that discuss the national policy because I think that the West have been complaining that they are discriminated against, and we say let's make an effort and this is unjust. And at the same time you say not only are you going to correct that but we ask you to have a new national policy that will take care particularly of the needs of the West. I tell you at this stage that we have to take care of the needs of the Maritimes, of Ontario, B.C. and all the others, but there is something that we cannot

support and you have been the main elements of this, is discrimination in the West in the field of freight rates and this we want to get rid of. And we tell you that we have the instrument and if we don't have we tell you that we are ready to make it.

Prime Minister Trudeau: Perhaps we could hear from Mr. Lougheed and then we could break for lunch, and we have another three hours to pursue this matter.

Premier Lougheed: I would like to summarize, if I could, the point I am trying to make. If I understand the Minister, Mr. Prime Minister, he is saying, in his document on page 7, that regional economic development is a basic objective of the national transportation policy of Canada and that our argument started off to be that if that is so, then maybe what we need is to clearly and unequivocally, so there cannot be any future argument, place it within the policy section, the objective section, of the Act. That is simply all that we have asked. However, in the course of the discussion our concerns have been heightened by the fact that Mr. Lang and the Chairman are, if I understand them right, not concurring and not accepting the view that regional economic development should be a basic objective of the national transportation policy and that one of the instruments of regional economic disparity and improvement in that regard is in fact our national transportation system and that is why we have to have our concern.

Mr. Marchand: I think I will have to put that in writing so that there is no misunderstanding. I think we agree.

The only thing, I don't want any Transportation Act, or Commission to be responsible for the definition of what is regional economic expansion.

Premier Lougheed: Then abandon the Commission.

Prime Minister Trudeau: If I can correct this misunderstanding of Premier Lougheed, I certainly did not, nor did Mr. Lang, I believe, indicate that regional economic expansion or development was not one of our policies. On the contrary, it may be that we should write that transportation is one of the tools of regional economic development. Perhaps that could be done in the DREE Act, rather than the Transportation Act. On the substance of it, we are certainly in agreement. The matter is how do we proceed; is it necessary by amending one Act or another or by ensuring that the policy is applied.

If you wish, we could come back at 2:30 and continue with this item.

I would just remind the various delegations that the press is in the room and that your papers left on the table will be useful to them.

AFTERNOON SESSION / SÉANCE DE L'APRÈS-MIDI

Prime Minister Trudeau: Come to order, please?

I have been reflecting, as Chairman, over lunch, on ways which might permit us to make some progress on this

first sub-item: "Changes in the national transportation policy" as submitted by Premier Lougheed, and it might be useful if we could clarify our positions in the following way:

First, discuss any changes in the policy, which would remove discriminations against the West—discriminations which perhaps have led to the under-development of certain regions; discriminations which have been described as "shackles", preventing the West from fully developing, in the spirit of fairness, with other parts of the country.

This would be the negative side: remove any discriminations you see and you want to have discussed. This will probably come up again under the third heading: "Pricing for regional development", but we have stated our position on this, and are prepared to go through it again in detail.

That would be removing the negatives.

Now then, we could discuss the positives: that what you want to see added to our national transportation policy.

And it is on this part of the discussion particularly that I think we are not in complete understanding with you.

What are the positives you want us to put into our policy as regards the West? In what way should we, I take it, particularly help the West over other parts of the country? And this, we are prepared to discuss too.

But, if we could distinguish between these two aspects of the national transportation policy, we might make progress.

If this is a constructive suggestion, then I put it to you: let's agree quickly on the negatives we should get rid of, or refer to sub-item 3; and then we could look at what positive things you want to see put into our policy, which would be, I suppose, a discrimination in favour of the West, as opposed to discrimination against the West that we are prepared to remove.

Premier Lougheed: Mr. Prime Minister, if I may respond to that. I think that our position as regards item 1 has been clearly stated, and I think it is specific. It is just a clear and definitive commitment by the federal government to place, within the National Transportation Act that one of the objectives will be, one of the instruments of regional economic development will be, national transportation policy, and that that come with the legislative framework.

But because, in having regard to your response, we seem to be hung up on the issue, and you want to look at it in terms of negatives and positives, I don't quite see it in those terms, but maybe we would make more useful progress then, if, at this point, we simply left the item in abeyance, disappointed as we may be, and move and follow the others, and then, if, as we are about to conclude the transportation item on the agenda, at the latter stages this afternoon, if we found that there was any useful way in which we could come back to the item, and then take a second look at it, maybe that would be worthwhile.

Prime Minister Trudeau: Well, if that is—Mr. Strachan.

Mr. Strachan: British Columbia has supported the western Prairie Provinces in their proposal, because, as part of Western Canada, British Columbia has been part of the same development process as the Prairies Provinces have been; and Western Canada was part of an individual

dream that belonged to all of the people who moved into Western Canada over the last sixty or seventy years. That dream has never been fulfilled because the dream was that they could settle in this country, develop Western Canada, and provide, in every area of the new provinces, this cultural and intellectual and social background that you speak of so often in the federal paper. And I will only quote one page where you say "Transportation can also serve as a powerful instrument in support of a regional economic and social development". And you use that phrase on pages 1, 2, 4, 5, 9, and 13 of the federal paper.

And transportation is a social force. The Prairies feel that this social force has not been fully developed, and certainly we, in British Columbia, feel that transportation as a social force is still sadly lacking.

You mention the requirement for removing the negatives and add the positives. As far as British Columbia is concerned, I want to point the negatives and go on to the positives. We are specially concerned about what happens to coastal areas. We talk about the outports of Newfoundland, but we have outports in British Columbia too; and the province is saddled with a substantial financial load in providing transportation to those outports.

We feel that in the past, we know that in the past, the federal government has made substantial cash contributions, not only in subsidies to the ships, but in the provision of the terminal facilities on the East Coast of Canada. This has never been done in the West Coast.

As a matter of fact, you will not even allow us to avoid the federal sales tax on the Prairies' terminal facilities that we have to build in British Columbia, at great cost to the people of that province in their attempt to develop this dream, make it come true, and develop the social forces that you rightly say belies one of the factors relating to transportation.

So I would like to see the negatives that are part of the present federal policy, so far as ferries in British Columbia removed. They are not profit-making ferries, they cost many millions of dollars each year. And I would certainly like the sales tax removed from the terminal facilities; and you might even go so far as to treat us the same as you do the East Coast, and make a financial contribution toward the construction of terminal facilities, which you do for private corporations in the East Coast; but in B.C., the government is building them, and we have had no contributions of any kind in the provision of these facilities.

Prime Minister Trudeau: Well, I sense some disagreement on procedure, here.

Premier Lougheed suggested we come back to this towards the end of this afternoon, but Mr. Strachan would seem to prefer to discuss it now.

I am in your hands. I repeat: if we are going to discuss it, I think the most constructive way is to concentrate first on the negatives, discriminations against you; but we want to see removed, and we propose ways in which they can be tackled; and then, discriminations which you, if I understand you correctly, want to see applied in your favour, and we would discuss these too, and the ways in which they could be appropriately attacked.

Premier Schreyer: Well, Mr. Chairman, I don't know that anyone is asking that we discuss discriminations that should be evolved and applied in our favour. The discussion this morning was primarily trying to identify those features of national transportation policy that discriminate against Western Canada. And since you have invited us to attempt to identify as specifically and as concisely as we can just what those areas of unintentional but existing discrimination are, I will try to answer your question, Mr. Prime Minister, in two points:

Number 1, that we really believe that the federal government should make an all out effort to evolve a freight rate structure that accords a realistic relationship between the rates charged on raw products and the rates charged on processed products.

This is really the nub, the essence of grievance that has been expressed by successive Premiers in western provinces, for many years. Rapeseed is an excellent example. There is no reason for Mr. Marchand to think that the decision of the CTC, on the 27th of June last, was a decision that somehow was one favourable to Western Canada. The fact is that even after that decision, the rates that are charged by the carriers for the transportation of rapeseed oil is still higher than the transportation cost of the raw product. And as long as that continues, then, the processing of agricultural products in the Prairies will tend to take place outside of the Prairies, somewhere in the Great Lakes area or the St. Lawrence lowlands.

And this is what our sense of grievance is. So, that's point one: a definite plea to establish a relationship, a parity if you like, between freight rates on raw products grown in the West, and the processed product derived from that.

The second point is to ask as well that the native element in present national transportation policy which enables the railroad to charge freight rates that are based on intermobile competition to attempt, insofar at least as the northern parts of the provinces are concerned, to get to different bases; perhaps a basis of actual cost, rather than one of highway competition.

I said this morning, and I repeat again that it is a very definite negative element in our present transportation policy, the fact that for many communities in the northern parts of the provinces, if you want to reduce freight rates charged by the railways, you have to go through a multi-million dollar exercise of building highways. And once you incur that expenditure, then the railway freight rates come down. And to me, that is not only illogical, it is duplicative, redundant, and an unnecessary drain of expenditure of public monies.

Surely, those two specifics are something which can be readily understood, taken under advisement by the federal Minister, and an undertaking given to attempt to give specific positive response.

Prime Minister Trudeau: Yes, I think those are good concrete questions.

I would ask Mr. Marchand to explain how we would want to deal with these unfairnesses which are bearing on the West.

Mr. Marchand: I thought, Mr. Chairman, I referred particularly to those two cases, raw material versus finished products rates, which is one section of injustices which we would like to correct through the CTC and which appear in the letter I sent to Mr. Benson on the 1st of June and we have the second, too, there is the long haul and the short haul. There is the last point you mentioned, the rates which are fixed according to competition and not necessarily according to cost.

On all of this, I think that we agree. I don't see why we should find distinction to indicate that we disagree. We entirely agree that all this should be looked into and corrected. This was the first step we took. It wasn't an *ex parte* decision or a decision that we took by ourselves because all those rates which constitute injustices were mentioned to us by one or the other of the Western Provinces at one time or another. We just took them and referred them to the CTC and we want them to look into that in relation to public interest, not only to cost or the general structure of the freight rates of the Canadian Pacific or the CN. We are in complete agreement on this and this is what I call the negative aspect, where the West is not treated justly because these rates cannot be justified. Maybe they can be justified in the whole structure, the national structure, but for the West, particularly, it is very difficult to justify. We want to have the real reasons. We want the economics of it and we want the costs to be revealed. We don't want a political decision. We want an economic decision, why do you charge more in this case than in the other, even if the distance is quite different; why do you charge to that section of Canada a cost that normally should be borne by another one?

I don't think we are going to have any disagreement. I cited three or four cases this morning. There are much more than that. I think twenty-eight we have referred and we mentioned that it is not limited and the Western Provinces can indicate any number and we are going to send them to the CTC and have the CTC look into each of them and give us the reasons why those rates are what they are.

On this, I think that we will fall into complete agreement and it's on the second part, of course, on which we started discussing this morning and where there is a little confusion, but that we may clarify later on if you prefer.

Now, as far as B.C. is concerned, and the ferries, it is true that we pay for ferries, between say, Sydney and Port-aux-Basques in Newfoundland and between P.E.I. and New Brunswick and I think you should not forget that there are many other ferries in Canada and in Quebec and somewhere else where we don't pay. Where ferries, I don't remember the year, in 1962 or '63, I don't remember exactly, but all ferries within the province were considered as the prolongation of the highway and not as ferries and we stop at one moment paying subsidies.

I don't say that in a few cases we haven't paid money under either ARDA or FRED agreement, that might happen. But as a rule, and as you know, we are committed by the Constitution, itself, to maintain ferries between Newfoundland. It was one of the conditions of

Newfoundland's joining Confederation. It is a very special thing.

But we can discuss the policy. If it is B.C.'s opinion that we should pay for all ferries in Canada, well, of course, it may be a good thing to do, but we will try to fix a cost and say it will cost so many millions to the whole of Canada.

We have paid subsidies to ships. You have referred to that. But this was accessible to B.C. as much as the east coast. It was one of the advantages of the east coast, Nova Scotia, and I am sure that B.C. is not in competition with Nova Scotia or New Brunswick or eastern Quebec, which are in poor sections of Canada and they have disadvantage of building ships. I am sure we have to do something some day about B.C. for another reason because B.C. is the doorway of Canada and the Maritimes doorway. I think it would be very important to look into that seriously.

Anyhow, I think that as far as subsidies are concerned, you had exactly the same treatment as the other parts of Canada, but unfortunately—

Mr. Strachan: For terminal facilities.

Mr. Marchand: Oh, well, this is not terminal facilities, because the note I have here is ships and as far as ships are concerned, a subsidy for ships is accessible to any shipyard in Canada. So, I think you are on the same footing. As far as terminals are concerned, that would be another problem.

Mr. Strachan: This is what we discussed a few days ago.

Mr. Marchand: It is a good beginning.

Premier Barrett: But the problem is Victoria is the capital of British Columbia. They fought about coming into Confederation over extending the railroad. Now, Victoria has a ferry service and yet that ferry service really is an extension of the Trans Canada Highway and we don't receive any subsidy for it. As a matter of fact, for some years now, we have been waiting for a dry dock. Our dry dock company put in a submission to the Conference pointing out the need for a dry dock. It isn't the amount of money, it really isn't the amount of money—

Mr. Marchand: It's the symbol.

Premier Barrett: It is the symbol. It was interesting, you know, the previous administration took down the signs of the Trans Canada Highway and it is significant that they took them down on Vancouver Island, because there would appear to be some justification because the ferries are not subsidized to Vancouver Island and yet they are part of the Trans Canada Highway system.

Mr. Marchand: Yes, Mr. Barrett, but there are other places where you have symbols, too.

I live in a city which is Quebec, which is the capital of the Province of Quebec, and it is separated by the St. Lawrence River from Lévis and I think the province pays for the ferry, not the federal government. There might be a symbol there.

Premier Barrett: Is there a separation between Quebec and Ontario?

Mr. Marchand: If there is a separation?

Premier Barrett: I mean does the ferry go between the Province of Quebec and the Province of Ontario?

Mr. Marchand: I don't know if there is one. I'd say that the ferries we pay for are ferries in the Maritimes, namely, Newfoundland, P.E.I.

Premier Barrett: Well, we are a maritime Province.

Prime Minister Trudeau: If it is interprovincial, between two provinces, then the federal government pays. When it is within a province, our policy has not been to pay as between Quebec and Lévis or Victoria and Vancouver.

Premier Barrett: I appreciate that. The only question I was confining my remarks to was where what Mr. Marchand said about an extension of the Trans Canada Highway. Certainly we are not asking for a subsidy for the operation of all our ferries. But Vancouver Island to us is an extension to the Trans Canada Highway, it's that very place where Mr. Strachan put the signs back up.

Mr. Marchand: Are you not paying for the maintenance and administration of this highway?

Premier Barrett: Certainly we are.

Mr. Marchand: This is a provincial matter now.

Premier Barrett: You share the capital cost and we recognize that; we put up signs saying we are back in Confederation and now we would like you to pay for some of the signs.

Mr. Marchand: How much is it for the symbol?

Mr. Strachan: The Trans Canada Highway was built as a joint effort. You cannot lay black top across it. It is a vehicle. It is a movable highway. That is what a ferry is; it is a movable highway.

Mr. Marchand: I think you have the right philosophy there. It is a highway within the jurisdiction of the province.

Mr. Strachan: How about the symbol?

Mr. Marchand: We will talk only of the symbol. Let's put all the symbols on the table and see how much it's going to cost.

Premier Blakeney: Mr. Chairman, there are a good number of other items I would like to talk about. I merely would suggest that we might do it in a more orderly way if we did it under item 3, "pricing for regional development" which identifies a good number of these items raw materials versus finished products, rail group, and horizontal increases in long haul and short haul.

I, for my part, also would like to stay away from a discussion of whether or not the changes which we are putting forward can be characterized as the removal of an impediment or the conferring of a benefit. I think those

re highly discretionary judgements and I think nothing of profit will come from our discussing which they are and I think we have reached the point, as I read it, that the federal government takes the position that, in regional economic development, they are prepared to use transportation as a tool for regional economic development. If by that we mean the removal of impediments with respect to the conferring of particular benefits, they would reserve the right to discuss on that and I am prepared to leave it at that point and go on to some of the specifics because I would like to raise some of them and I think if we all pick out our own we shall all be discussing something different.

Prime Minister Trudeau: I am certainly prepared, as Chairman, to go on, as suggested.

I take it that under item 1, or sub-item 1, we leave it in abeyance and we see at the end of the item whether there are still some specific amendments to the National Transportation Act that you want to see inserted, or whether, indeed, you would not be satisfied that they are meeting your objectives, which we believe are ours, of using transportation policy as a tool to promote more regional equality. If you are satisfied, then perhaps we will not have to reopen that Act, but you would want some other approach made.

Shall we agree then to leave that, 'a technicality', to later in the discussion.

Premier Lougheed: Mr. Chairman, with the one caveat I think it is far from a technicality. I think it is pretty fundamental.

Prime Minister Trudeau: You say you are disappointed and it is fundamental. We think it is fundamental, too. But surely the question is how do you act legally to insure that that fundamental policy is carried out. Now this is the area of disagreement, I take it, and if you want to reserve discussion on it until later this afternoon.

Premier Lougheed: Well, perhaps you are still not understanding our position, but I think we should pass on, or, perhaps, the other items and come back to it.

Prime Minister Trudeau: Very well. The second sub-item, then, suggested by the western provinces, is cost disclosure.

Premier Blakeney?

Premier Blakeney: Mr. Prime Minister, this matter of cost disclosure, I think, could be put in context and if I were trying to put it into context, I don't think I could do better than to refer to the portion of the federal paper at page 17 where the federal background paper states as follows:

The very nature of a constantly evolving economic and social structure in the West calls for continuous and dynamic means of coping with an ever-changing set of problems and circumstances. Equally, this approach calls for the use of all available tools and policy instruments, both federal and provincial, in a coordinated way, together with a complimentary action by carriers, shippers and consumers. The federal government supports

and encourages the creation of appropriate mechanisms designed to deal with the transportation problems of Western Canada in this way.

Mr. Chairman, I interpret that as meaning we have a dynamic transportation structure that is going to need a continuous study and a continuous review, using all available tools, federal and provincial.

We must again emphasize how important we think rail transportation is in Western Canada. It is crucial for the public. Just how crucial it is for Saskatchewan, I would like to illustrate by a simple figure. People in a province like Quebec, and the figures for Ontario are only slightly higher, spend indirectly, on freight originating in their province about \$27.00 a year. For Saskatchewan the comparable figure is not \$27.00 but \$147.00, by far the largest in Canada, by the way, to get some idea of how important rail by freight is to us. It is crucial for our basic industry. We feel strongly that we are suffering from shop discrimination. We believe that other methods of rate setting and, indeed, a whole new concept of rate setting would be desired and could be shown to be desirable. We have proposals. But so that we can check our facts; so that we can, in the words of the federal government, use all available tools and policy instruments, both federal and provincial, we must have the facts. We feel that the Canadian railways are a most important public utility. Their costs should be disclosed so that we and other Canadians can use whatever expertise we may have in dealing with freight rate issues.

Many western shippers feel that they have been gouged. Perhaps this is true; perhaps it isn't true, but it is wholly understandable that they feel that way.

The CTC, in the rapeseed decision, which we have already referred to, mentioned this feeling on the part of western shippers. And may I quote very briefly from the judgement. Here they are referring to the methods which the railways use to set the rates and communicate the rates to the shippers.

There was no real attempt by the railway freight rate officers to make available to the applicants the facts upon which the railway companies base their rate determination. The process was one-sided with all the emphasis on the factors favourable to the railway companies. Not unnaturally, this led the applicants to suspect that the railway companies were setting their rates mainly on this basis of the price that would permit the meal and rapeseed oil to be sold on the marketplace rather than any other rate based upon cost and for this the railways have only themselves to blame.

This indicates the feeling, the very strong feeling, that we are being discriminated against and that we are, in effect, being prevented from showing this conclusively by being denied the facts.

We feel that the case for cost disclosure is well nigh unanswerable and we invite the federal government to reconsider the position enunciated by the Minister this morning and to provide for a comprehensive disclosure of facts which would be relevant in all rate setting by the railway companies.

Premier Lougheed: I would like, Mr. Chairman, to underline and endorse what Premier Blakeney has said and perhaps add two or three additional points of argument and a suggestion to the federal government on this so fundamental issue.

Frankly, the way it happened to me, is that I approached the subject of cost disclosure and not really with any sense of awareness of its magnitude until a meeting in late March in Winnipeg. I came face to face with the specific request of the presidents of the railways, asking for the information and it is one of those situations that developed that the more they resisted it, the more I became fully convinced that it was just essential for the people of Canada and the West.

One of the comments that was made by one of the chief executives there, and I am paraphrasing him, so I can not quote the exact words, are that rate-making involves subjective judgement of what contribution to overhead each movement should make.

Subjective judgement by who? Obviously by the railways, but I don't know what that subjective judgement is. I don't know the validity of that subjective judgement. I enter these discussions and remind the Prime Minister of our very first meeting when I raised this subject and he said, "Can't you in the West be more specific and less general about your concerns" and the more we get into it, the more we see that it is simply an area of public policy where there has to be as full and as complete disclosure as this is an open conference and, you know, the railway provided me, also, I am sure others, with a well prepared document entitled "A source book on railway freight rates" two or three days, before this Conference, and, you know, they lost their argument, in my view, as indefenceable. They say that their overhead costs are recovered unevenly from customers just like the electric utilities. Exactly. Just like the electric utilities, as between classes of customers, or for the railway company, as between regions of competition or non-competition or relatively different competition. So surely the only answer and it has got to be indefenceable to the public of Alberta and the public of Canada, if we are in a position of talking about freight rates, when there isn't full public disclosure of the costs.

Now, their counter argument, is, it is prejudicial to their competitive position. Well, it won't wash. It won't wash for a number of reasons. First of all, because the size and the magnitude of those two railway organizations is such that they are in the trucking business substantially. They know the cost of every aspect of trucking down to the penny and they know them well and they know the competition and the nature of that. They know, too, that they are involved in a common carrier position, a position very close, in our view, to any sort of a public utility, any sort of a situation that really gives them an almost monopoly position, certainly here in this region. And, for the federal government to suggest that this is not information that in all aspects, without equivocation, should be presented to the public of Canada, simply, in my view, Mr. Prime Minister, is not a defenceable argument.

Prime Minister Trudeau: Mr. Marchand?

Mr. Marchand: On this I don't know to which word Mr. Blakeney objects and what I read this morning is the word reasonable. It is the first time I see someone object to the word reasonable.

Premier Blakeney: If you allow me to say what is reasonable, there would be no objection, sir.

Mr. Marchand: I think what we meant by reasonable and I think this is surely, and I was quite impressed by the argument, it is unjust to go before the CTC or anywhere and try to make a case without having the facts, you know, and being said, well, it's just too bad but this is all confidential information you can't get. So I agree entirely. If I had to defend such a case, I would be surely unhappy and frustrated. So I think that all cases which will be brought before the CTC, because of alleged discrimination or any other reason, I think that the railways, all the transportation companies, would have to disclose their costs so that you can make a case and prove what you want to prove. What you said, Mr. Lougheed, about—well, the inference you make because it was in the West, I think they take exactly the same attitude in the East, you know, the policy of the companies, and it is not better. I think we will agree on that for all cases that will be brought for the Commission that the Commission at the request of the party can require from the transportation companies to produce their costs.

Premier Lougheed: Well, Mr. Minister, would you agree that all information provided in confidence to the Canadian Transport Commission should be provided to any provincial government on request?

Mr. Marchand: I would like to discuss that, because I think that you have as much interest as we have in this. We are dealing with Canadian corporations. What we wouldn't like to happen, and I am sure that this is not what you want, you wouldn't like somebody to go fishing in figures by the CTC and say let's see if really the rates are fair. I think that we don't have the right to disturb a corporation, even if we don't like it or don't support their policy. But if you have, and if you feel you are discriminated against or that you should have another rate for some good reason at this moment, there is no reason why you shouldn't have all of the information and at your request, I think that the CTC should produce the costs of the companies.

Now, if you ask me at this moment, and this we will have to discuss. Even if a province doesn't ask to have a rate corrected, but the province would like to know what the costs are, it doesn't seem reasonable. This is what I had in mind. That each time that you feel that there is something unjust, at that time I think you should be entitled to have that information and the costs.

Premier Schreyer: Neither level of government can presume to work in isolation of the other, federal to provincial, provincial to federal.

And that is particularly true I would submit, with respect to transportation. It is true in most cases of public

policy. And I frankly cannot understand the reluctance on the part of Mr. Marchand to agree to the point made by Premier Lougheed that the whole question of cost disclosure is one in which it would seem there is ample precedent for agreement. After all, I think it is a matter of long standing practice that the Departments of Taxation, Departments of Finance of the provinces, have access to information from the federal Department of Finance and vice versa. There is a good deal of exchange of information, much of it of a confidential nature as between officers of the respective crowns, federal and provincial. Now, why should this be any different, this question of cost disclosure relating to freight rates? I know that up until now the Transportation Commission and the railways have said repeatedly that they have no objection to disclosure of costs, except in those cases where disclosure would adversely affect business operation of carriers and customers.

Well, you know we, both levels of government, trust each other enough to expect to exchange confidential information every bit as crucial as this. So therefore I don't know why this is being singled out as the exception where there will not be an exchange of information made available from one crown to another.

Prime Minister Trudeau: I have checked with the officials and any information that we have on transportation we are prepared to make available to you. I am told that the converse doesn't happen and that you have information on trucking, for instance, which you don't make available to us.

I take it from your negative you are prepared to do so—

Premier Schreyer: Yes.

Prime Minister Trudeau: —which is fine. What we are merely trying to avoid by the use of the word reasonable is just satisfying curiosity, period. If it's to get justice in a particular grievance Mr. Marchand has said we will give you full disclosure. Any facts we have, we will give you and if we don't have them, we will try and get them through the CTC, and they will be made available to you and to us, in any case, where we want to act, where we think there is a discrimination, where we think action should be taken. What we don't see ourselves getting into, unless it is the general desire of all governments of Canada, is just public disclosure of all public corporations which serve the public in one way or another to satisfy curiosity.

You know, our taxation returns of corporations are not made public. If it applies to the railways I suppose it should apply to oil and gas. We want all oil and gas companies to make everything public—

Many Voices: Yes, yes.

Prime Minister Trudeau: Well, I mean this is perhaps—

Premier Barrett: I second the motion.

Prime Minister Trudeau: Do I have a motion before me, Premier Lougheed?

If I could just make this perfectly clear, we are prepared to go to full disclosure, but not to satisfy people's curiosity or indeed competitors and other nations that might want to know, but to satisfy the genuine desire of governments who want to redress a particular grievance. This is the meaning of the word reasonable, and I am sure that Premier Blakeney would define it in the same way.

I'm sure you have other things to do, Mr. Premier, than just to satisfy your curiosity about the particular costs of particular oil companies operating under private charters, public charter in the Province of Alberta.

Premier Schreyer: Mr. Chairman, that is precisely the point. The emphasis we are placing on cost disclosure is not because we seek to fulfill some casual or idle curiosity but rather because we submit and do so with persistence, that there is no other way we can ever test out the contention, the argument, that Western Canada being an area or region of resources, of raw resources, exploitation of resource development, a frontier area in many ways, an area in which intermodal competition is less developed than in other parts of Canada, that precisely for those reasons, because our present National Transportation Act bases rate-structuring on intermodal competition rather than cost, for that very reason, Western Canada is paying an undue amount. Western Canadians are paying an undue amount in terms of freight rates and cost of living and cost of moving processed products.

Now, how can we ever get to the bottom of that contention unless there is full—and I mean full—access to all of the cost data that the carriers have in their possession? They argue that to do so would mean a possible infringement on the competitive position of their clients, of their customers.

Well, that's just one argument. Our argument is that there is no way we can prove what we fully believe to be true, that Western Canada is paying an undue amount in freight rates simply because our National Transportation Act is based on competition rather than on actual cost, and competition is less fully developed in the West. Therefore, it militates against the West and in favour of those regions of Canada where intermodal competition is older, better established and more pervasive.

Mr. Marchand: And I think it would be legitimate to do it, say, if you want to demonstrate that western provinces pay more for freight than the rest of Canada. Well, this I would understand but the means we are choosing is probably not a good one. We should probably set up some special kind of committee which would get all this information and try and establish who is getting what in Canada.

This is not only a curiosity; it's serious in the consideration that everybody has a good deal, a fair deal, but I am just talking about the daily administration of this Act and freight rates. I think you will agree with me that if we impose it on the railways we have to do the same on the trucking industry; we have to do the same on the shipping industry; we have to do the same on the airlines.

So if this is what you want exactly, we can look into that and see all the consequences and discuss it with you.

But I thought that if the purpose of the operation was to try to correct some particular injustices, well there we say, okay, let's reveal. I think it is silly to go before the CTC when half of the file is not in your hand, and the other one is looking at your figures and saying, well, your case doesn't make sense. Of course you cannot defend yourself with this and we agree with that and we are ready to supply the information you ask, and if we don't have it to ask the CTC to supply the information. But if the request is to make open and say, well I remember when the federal government many years ago asked the labour unions in Canada to file the financial statements of all their unions, I was there at that moment, and we reacted very violently. We accepted at the end provided it is not revealed and it's kept by the federal government. Why? It was not because probably the unions were afraid, but the unions didn't like to see somebody go and fish into their financial statements and draw all kinds of arguments against them.

(Interjection): The CALURA reports make it public.

Mr. Marchand: Well, I tell you 99 per cent of the unions don't make public their financial statements.

Mr. Strachan: But you were referring to revealing the figures on the trucking industry. You have a submission from Senator Lawson of the Teamsters Union which points that the major railways in this country are also major truckers. They have information on the trucking field.

Mr. Marchand: Oh, yes, they have. I don't contend that they don't have. The only problem is it is wise to say, well, if any province—or not only a province, it might be a municipality or somebody interested, a union for example—would say, well, would you please reveal your costs, and this is an obligation which is imposed. Because probably a very interested party would be the union. The CBRT, for example, would be interested to know the cost of the CNR. What is their profit in this line and can we do more? This is the kind of thing.

Maybe it's reasonable to do it, but I think that if we should ask that for the railways we should ask it for all transportation modes and there you will have a lot of people fishing in the financial statements or in the costs of all those companies, and I'm not sure that we are rendering service to anybody. This is why we used this word reasonable. When you asked for that I really thought what you had in mind was that if you have to go to the CTC to have a situation corrected, you want the full story. And on this we agree entirely.

Prime Minister Trudeau: Premier Blakeney, your words were, I believe, comprehensive disclosure of facts necessary for rate setting, and this is what we say we are prepared to do, and the CTC, in cases where the Government says that it is necessary in the public interest, can make such publications obligatory.

So we believe we are going towards the comprehensive disclosure that you require to argue any particular case. Now, once we have argued enough of these cases, if you want to reopen the whole subject, as Mr. Marchand says, of public disclosure of all costs, I suggest not only trans-

portation companies but all companies which one way or the other serve the public, this is another debate that we perhaps should enter into once British Columbia has given the example of tabling all the costs of all its provincial companies, and we could see how it would work.

Premier Barrett: We are moving in that direction, as a matter of fact.

Premier Lougheed: I simply can't accept the argument that you make in trying to turn aside this, I think, very legitimate request by the province, by not recognizing that our two basic railroads are not in a different position. They are common carriers. Their history is significantly different from the history of the other situations you have been developing. Certainly the rewards they have received, particularly the CPR with regard to their developments and the degree of public money that went into their historic development, is something which makes them far different from any sort of generalization such as you have made. It is clear to me that they should not be treated in any way different than public utility companies which are obliged to show and submit their costs.

I think it is not sufficient for us, as provinces, to be merely limited and restricted in the way you suggested. When we sense or come upon a specific grievance, we then ask for costs. There may be many very legitimate grievances that we don't know anything about, because we don't know the cost allocation, the contribution to overhead that is made by the railways in these non-competitive areas, or the justification for that judgment decision. And we need to know it.

We have tried to come up with what we thought was a reasonable compromise. But if you have some concern about this matter being public in terms of full disclosure, to follow the comment made by Premier Schreyer of Manitoba, we are quite prepared to discuss with you and consider ways in which all information that comes to the Canadian Transport Commission can be provided through the federal government to the provincial governments. But we should, at least as provincial governments elected by the people of our area and affected by this, be entitled to all of the information.

To merely say, find your grievance or suspect it, commence a case and spend the money and appear before a federal regulatory authority is surely insufficient in terms of the mood of what we are trying to create in this Conference, and I hope that you would reconsider.

Mr. Marchand: Do I understand, Mr. Lougheed, that you want this to be restricted to the railways?

Premier Lougheed: At the moment we want it restricted to the railways, without any equivocation, because the railways are basic, as Premier Blakeney has said, to the development of this area, and they certainly have a situation that is national and affects this region, that's entirely different than other individual corporate entities and I think that argument falls. I don't think that they should be put into the same position. Their only argument in defence has been, that if you disclose these costs it would be prejudicial to their position. I don't think there is validity to that position at all.

Mr. Marchand: I never used that argument, sir. No, the only argument I used was to say, well is it fair for this group of companies to say a certain number of institutions in Canada—how many I don't know—can go and ask you for your costs any time of the year.

Premier Lougheed: Well, is it fair for us provincial governments, trying to do our job in building the economies of our provinces, not to have full access to all the cost information, even if it has to be kept on a government-to-government confidential basis, so we can make an evaluation whether or not the subjective contributions to overhead are fair or not?

Mr. Marchand: What about the provinces who have to rely more upon shipping by sea, for example, Newfoundland who say we want shipping by sea to be covered. This is why I say it's very difficult to—

Premier Lougheed: If it's on a government-to-government confidential basis, I don't see that that is a major problem. I am prepared and I presume the other Premiers here are prepared to agree to a compromise from our position in terms of public disclosure to obtaining information on that basis. And we, in fact, if you want to get into the argument, have done it in terms of other information, including such sensitive areas as energy. But I think it is essential that we be left with the opportunity and have full access as a provincial government. And if it's a fishing expedition you're talking about, I say yes, that is exactly what I am going to be telling our ministers and officials to do. You know, they might come back and say, "Mr. Premier, you haven't really got a case, they have been fair about it", but right now we don't know, and right now I think we are entitled to find out.

Premier Barrett: My response is back to shipping. You know if the shipping in Canada is Canadian-owned—for instance the CPR register their ships down in Bermuda to escape taxation here in Canada. There are all kinds of dodges going on. Let's be frank about it. You collect our income taxes but we get the information back confidentially.

I agree completely with Premier Lougheed and we could be wrong as provincial premiers. Sometimes we may be wrong.

Mr. Marchand: That is the most important step that has been made since the beginning.

Premier Barrett: We could be wrong but we'd love the chance to be proven wrong and perhaps to be groping in the dark and to throw in shipping. That's really irrelevant. We are talking about the railroads. Want to throw in shipping? The answer is yes, throw in shipping. It's as simple as that, but let's get down to it.

He's not going to run around disclosing any information that he has or anything else like that. The question is, how do we go and do a good job for the people we are supposed to be representing unless we have the information?

Premier Schreyer: I feel that the point is well made. I sense there is a willingness on your part, on Mr. Mar-

chand's part, to agree to the proposal that full cost disclosure be made with respect to the railways, beginning at least with the provincial governments, and then we will see from there whether there is need, whether a case could be made to extend it further, or whether that will suffice. But that much at least should be done, otherwise we have no way of knowing, as provincial governments, whether or not there is—and you used the term, Mr. Marchand, whether it is fair, whether present rate setting arrangements are fair to a particular region of the country or to a particular area of a province. I have already given you an example where the railway adamantly refused for years to reduce its rates for all general goods into a community of 20,000 people in northern Manitoba, and as soon as the highway was opened they reduced their rates by 30 to 35 per cent. And what bothers me most is that they didn't even blush with embarrassment about it. Now, surely there is an onus on both levels of government to exchange or to make it possible for that kind of crucial information of actual cost of operation to be available.

Prime Minister Trudeau: I think that Premier Lougheed has certainly proposed a compromise or modified the sense of the word disclosure, which we took to be complete public disclosure.

Now the debate seems to be more on the question of disclosure amongst ourselves as governments. And I repeat what I said earlier that information we have on transportation we are prepared to give to you. We are prepared to do more than that. We are prepared to ask for information from the CTC that you might find necessary for your fishing expeditions. We have a certain number of studies on transportation that Mr. Marchand has commissioned. There may be figures in there that would answer the problems you have. We are certainly prepared to show them to you on a confidential basis.

So we would be covering the two aspects of it, the particular grievances which are debated in front of the CTC. We can, at the request of the provinces, ask the CTC to make those facts known, the facts which are necessary for rate setting, as Premier Blakeney expressed it. But if you are asking for more facts, that you think we might have or that we could get that you can't, the answer is yes. We can, on a confidential basis, make these available to you.

Now, after this has been done, we might take the next step that Mr. Marchand suggested, that you might have a lot of findings that will lead you to want to change the policy, change the Act. I take it at that point we would be wanting to meet with our colleagues from other provinces because we don't want to change the Act against any part of Canada. That is a step we can consider in due course. But at this time we are prepared, as the federal government, to accede to the modified request made by Premier Lougheed, and perhaps it will be a step in the right direction towards more exchanges of confidential information in both directions between the federal and the provincial governments.

So if you are prepared to leave it at this for the time being, then I think there will be agreement on this item.

Premier Blakeney: I am not sure I understand, but I am encouraged. I have really two basic areas, the one is certainly cost relevant to rate setting, and the other is a broader area of simple national policy. We are in a position, different from many provinces in Canada, in that we have two basic transportation systems, rail and road—that's very common—but in Canada the rail system is under one government and the roads are under a different level of government. I think it behooves us as Canadians to plan rationally so that we don't waste money building transportation systems because of a lack of information from one side or the other.

I don't know what the rails spend in a year but I suppose the provinces spend in the order of \$2 billion a year on roads, and this is not small change. That is a lot of money and we ought not to be spending that money in some places if, in fact, the services could be rendered by existing railroads, and similarly we ought to be spending it in moving a railroad if, in fact, we could do it cheaper by road. That is a broad area which I haven't particularly touched on. That can be handled by government-to-government disclosure. It will require a quite high volume of disclosure but it doesn't have to be public, and any publication can be such as would not particularly involve the rates of any shipper and all the rest. They can be macro figures that DBS and Statistics Canada is familiar with compiling. That is one area.

The other one on cost relevant to rate setting, I am not sure that I fully understand this. I understand that (a) we can get from the federal government, from the CTC via the federal government, all costs which would be relevant to rate setting in any case which is before the CTC or in a specific hypothetical case which might be put before the CTC.

The latter is important because we have just had rapeseed case before the CTC. I don't know what the cost would be but it would be much less than a quarter of a million dollars, it would surprise me. It may well be half a million, and clearly that type of litigation is beyond the means of hundreds of small shippers in Western Canada. If they are to have any effective appeal very obviously they have to have a surrogate appellant and it has to be the provincial government. Then we have to set up a case for the machinery manufacture in Vanda, Saskatchewan, with 25 employees and sales of \$200,000 a year or whatever it is. We have to set up his problem and see whether he has been victimized. And as I understand it we could get that information from the federal government again on a government-to-government basis. If I understand that then I think we have to make very considerable progress and I would be prepared, I think at this stage of the game, to leave it at that and explore whether or not further information might be disclosed, but I wouldn't push the federal government at this time because I think that would be a very useful addition to the information that we have at hand.

Mr. Marchand: What I understood up to now—I don't know if I was wrong—is that the Chairman indicated that we would be ready to supply to the provincial governments, on a confidential basis, all the facts, all the informa-

tion, all the costs to any particular case in which they are interested. So, on a confidential basis, we are going to supply that.

Now, I think that if you agree on the creation of this federal-provincial committee on transportation, this committee might be supplied with information too, in order to correct certain rates.

Prime Minister Trudeau: It has to be if it is to operate.

Mr. Marchand: Yes, if this committee is going to do any job, and if you agree to its formation; so, this committee can be supplied with all the information concerning particular rates that you want to be corrected. And they are going to make recommendations all out of this information that they are going to get.

So, there will be two levels:

First, the provincial government is interested, say, in knowing the situation of the freight rates in the province, and they want a set of information. O.K., we supply all this information. If we don't have what they ask, and the CTC has it, we ask the CTC to supply it.

Is that o.k. for this section?

Now, there will be the other level where you will have this federal-provincial committee which will be interested in correcting injustices in the field of freight rates.

So, this committee will have to be supplied with all information pertaining to the particular rates they are required to correct.

Is that fair enough?

Premier Schreyer: That undertaking is one which, I think, my colleague Premiers and I very much want to thank you for.

It does raise the point whether in order to do this, you wish to be so formal as to amend the Railway Act. At the present time, I gather the Railway Act is such that the railways are not obliged to make information available other than that requested by the CTC for its own purposes.

Are we to assume that the Railway Act will be amended? Or do you feel that you can carry out your undertaking without any formal legislative amendments?

Premier Lougheed: Just to follow Premier Schreyer on that, I think that's a point we would be prepared to leave to you, Mr. Prime Minister, as to whether or not that's necessary, as long as the undertaking is clear from the remarks made by Premier Blakeney, and the response by the Minister of Transport.

It seems to me that it leads us into the question of the on-going authority. We have referred to it as a Western Transportation Evaluation Authority. According to your words, it is a federal-provincial transport committee, if I understand correctly, of officials.

Our only concern with that federal-provincial transport committee, would be that there is a need for some sort of an on-going ministerial operation, as we have mentioned, in the Western Canadian Transportation Policy Committee, so that I think that we would probably be prepared—at least Alberta would—to go on with your federal-provincial transportation committee, although I think it is clear, subject to the undertaking regarding cost disclosure we have had, that that's where the material would go.

But there should be, I think, because of the magnitude of this problem in the Western Canada, more than just a committee of officials; I sense a very important need, and I know that these meetings have been carried on on an ad hoc basis. But I would think we would make some progress today if we underlined, at least in some sort of formal way, the need for that federal-provincial transport committee to report to a Ministers of Western Canadian Transportation Policy Committee. They are meeting, anyway, on an ad hoc basis, and I think it is desirable. I would not like to have the feeling that it was left at the official level without some way that that group could move on to a meeting of ministers.

Prime Minister Trudeau: Well, dealing first with the legal point that was brought up by Premier Schreyer, he is right in indicating that the Railway Act prohibits publication of information respecting railway costs, except if the Commission believes that such publication is in the public interest. Now, we would be prepared to argue in all the cases that the Minister mentioned, and in cases where you might want us to argue, we would be prepared to argue that it is in the public interest to make these figures known and available.

I take it that it would be easier if we accepted the distinction you made about publication just amongst ourselves, on a confidential basis. Probably, then, we don't even run afoul of the law, but I would have to make sure that we don't even have to show public interest in this case. I am not certain.

But certainly, we would be prepared to argue, as the Minister has, that it is in the public interest to be able to look at cases, real or hypothetical, that would permit us to have a more efficient and more public oriented transportation system in the West, and legislate, as both Ministers are saying at the same time if necessary.

Now, on the second point, I don't think there will be any difficulty there. It is certainly our view of this committee of officials that it would report to the relevant ministers.

I take it you will designate your Ministers in the way you want, and if you want to call them a committee of western ministers, that's fine for us.

In our case, I am sure the committee will be reporting to the federal Minister of Transport. But we see no difficulty in having report to a group of provincial ministers, if they so desire.

Mr. Marchand: The problem is to know, when they report to your group of transportation ministers, will it be wise that I be there, so that we have the same thing and we have an opportunity of discussing at the same time.

Otherwise, I am afraid that with the same report, we draw different conclusions.

Premier Lougheed: Mr. Chairman, the Minister is responding the way we were trying to communicate: we want you on the committee.

Prime Minister Trudeau: You want us to chair and you want us to lead off the discussions.

Premier Lougheed: So long as we get the last word.

Mr. Marchand: But I want you to be sure that I am not looking for a job. I am just trying to see how we can operate this without collision.

Prime Minister Trudeau: Then, I take it we could go on to the third sub-item: "Pricing for regional development, particularly in the case of freight rates."

If there is some spokesman?

Premier Lougheed: Mr. Chairman, I think the first general comment to be made in this area is the question of whether or not we are going to be responding, or the federal government is going to be responding, at this Conference in terms of selective subsidies; or whether we are going to make very major and basic changes to the whole structure of the rates setting in Canada. And I think that's really the issue, as we see it.

The provincial common position paper on pricing for regional development, I think, contains a very imaginative and definitely a new approach. What we have said, in essence, is that the public purse, the public contribution to the various levels of transportation is quite different. Quite clearly, the railways, in terms of their fixed costs, the user pays a substantially greater amount than in other forms of transportation. We worked hard on this, we have wrestled with it, we have tried to come up with some ideas, and I think we have.

So, we say in our brief, first of all: there should be a federal contribution to the fixed and overhead costs of comparable proportions, for all modes of transportation. That's pretty fundamental, and quite different; secondly, there should be the establishment of a new rate setting procedure which will promote the economic development of Western Canada.

Now, with the constraints of time, we have discussed a number of approaches. One of them is an equitable pricing proposal for all of Canada, which is based on, we think, a very novel approach, and we would like to have the opportunity, it takes us a minute or so to set it up, to make the presentation through our Mr. Peacock, on that particular matter, that is referred to on our common position paper, if that is in order.

Prime Minister Trudeau: Mr. Peacock?

Mr. Frederick H. Peacock (Minister of Industry and Commerce, Alberta): Thank you Mr. Lougheed.

Mr. Prime Minister, Messrs. Premiers, Ministers and distinguished delegates.

The Government of Alberta proposes that a new method of railway rate-making should be adopted.

We have titled this method "The equitable pricing technique". We would like to present it to you in the following manner.

I might point out that there are three screens: one behind you here, and one over on the left, and one on the right.

1) First we will outline the theory of the equitable pricing technique, and discuss its objectives, derivation, and application.

2) We will then examine the role of the federal government in transportation, both with respect to its

constitutional responsibility and the obligation we ask it to assume in relation to our proposal.

3) We must of course describe the function of the railways in the equitable pricing technique.

4) We will propose how our formula can be implemented, monitored, and controlled.

5) And finally we will summarize our presentation, and invite your response.

The principle of our method of railway rate making is based upon the fundamental right to equality of economic opportunity for all of Canada, all individuals... all companies... and all regions... They should not be prevented from doing so by artificial barriers created by arbitrarily set freight rates.

The present railway rate structure can be, and indeed should be, altered to help meet Canada's national goals.

Our proposal is founded upon the basic principle that there should be equality for all shippers through all regions in Canada. It also follows that there should be equality for all transport modes within Canada.

The equitable pricing technique proposes that the lowest existing railway rate published by the railways should be the basis for all shippers.

The equitable pricing technique suggests that the railway infrastructure should be supported by the federal government to the same degree as are the infrastructures of the airways, and waterways.

The equitable pricing proposal was derived from the following essential guidelines; that the technique:

- 1) Would be based on the costs of providing services;
- 2) Would recognize the continuation of statutory grain rates;
- 3) Would be in conformity with the present costing practices of the carriers;
- 4) Would preserve, and indeed, expand railway rate groupings;
- 5) Would be certain to recognize that users of transport other than rail have received, and will continue to receive, substantial financial assistance from various levels of government;
- 6) Would be consistent with the declarations of policy in the National Transportation Act of 1967;
- 7) Would be practical and capable of immediate application;
- 8) Would be easily supervised and altered as experience requires;
- 9) And finally: would end regional rate discrimination.

We believe the equitable pricing technique will prove capable of meeting all of these conditions. It could thus enable the construction of a new railway rate schedule that would benefit all shippers, all regions, and all transport modes, including the railways.

You might well ask how we would propose to accommodate these conditions. First, in regard to the costs of providing services, we began surveying the present railway rate schedules.

The law of Canada today actually states that all railway rates must not fall below long run variable costs.

Therefore, we selected the lowest existing rates as an approximation of those costs.

Obviously, the same cost cannot apply to every different shipper; therefore, a more refined division was required that would reflect various cost categories. One might expect this to be groups of commodities having similar physical characteristics. This, however, is not the case. It should not matter to the railway what commodity is hauled in its equipment. The only qualification is the different weights each commodity has. Different weights relative to volume do affect railway costs. But we contend that what goes into a car should not be the basis for railway pricing. A box car is a box car, and this is where a better cost classification may be made. Therefore, we have grouped rates for each equipment type.

There are roughly seven basic equipment categories. They include box cars, hopper cars, gondola cars, flat cars, tank cars, refrigerator cars, and automobile carriers. There are, of course, variations of these types, but the variations do not substantially alter results.

Having then determined the cost categories by equipment types, we selected existing rates for each type of equipment. For purposes of illustration, we would like to review the example of automobile carriers. Rates were chosen for many, various movements and expressed in cents per car mile. These rates were then plotted on a graph as illustrated on the screens. The horizontal axis plots mileage; the vertical axis shows the rate in cents per car mile.

Dot #1 represents the movement of automobiles from Oakville, Ontario to Calgary, Alberta. The existing rate is \$2,200 per tri-level carrier or \$1.04 per carrier car mile.

The other dots represent other rates from various origins to various destinations, but all of them apply to automobile tri-level carriers.

There are many different rates for similar distances. The contrasts are too great to be explained by various geographical operating conditions. Some of these rates apply in the same region, over the same line, and from the same origin. These contrasts can be explained by the railways' approach to pricing. The higher rates are set according to what alternative means of shipping, if any, are available to the shipper. For other commodities, higher rates are set according to the value of the product, or to what the railways' estimate the shipper can afford to pay.

The lowest rates on the graph are those developed by the railways to meet competition. It is these rates, these charges which at present prevail as the most competitive rates, that should apply to every shipper, and to every region. We submit that railway tariffs, can be calculated quite simply by drawing a line connecting all the lowest rates plotted on this diagram. This line, which we refer to as a non-discriminatory price curve, is somewhere above variable costs, because it is comprised of existing rates, which by law, must be above those variable costs. This line would then become the maximum rate the railways would be allowed to charge over given distances.

To demonstrate the significance of this approach and referring again to dot #1, this rate, which is at present

\$1.04 per car mile, becomes \$.47 per car mile, a decrease of \$.57 or a percentage decrease of 55%.

To further illustrate this point, we have calculated additional examples for tri-level carriers. The freight rate reduction per automobile for those originating in Windsor, and destined for Winnipeg, Saskatoon, or Edmonton, is \$27, \$35 and \$70, respectively. Similarly, for automobiles moving to other regions in Canada, for example, those originating in Oakville, and destined for Quebec City or Halifax, the reduction is \$24 and \$70 respectively. For these five examples, there is an average freight rate reduction of 40%. These examples show the benefits that could accrue across Canada.

There is no manipulation to this system. This new rate is one that is already being enjoyed by certain shippers, and therefore it appears just and logical that this rate should apply to all shippers. These pricing curves can also be graphed for unit and solid trains, and carload lot movements.

Equality for all shippers, an end to discrimination, would be achieved by the equitable pricing technique. It is based on the costs of providing services and is in conformity with the railway's present costing practices.

Now, what role should the federal government play in the equitable pricing technique?

Now we propose that the difference between railway costs, and revenue resulting from the equitable pricing technique . . . could be absorbed by the federal government.

The National Transportation Act of 1967 states that, and I quote "each mode of transport, so far as practicable (should bear) a fair proportion of the real costs of the resources, facilities and services provided for that mode of transport at public expense."

However, each mode does not, as your federal document supports, bear a fair proportion. Governments invest much more in highways, airways, and waterways than in railways. Governments provide the roads for trucks. Governments provide air terminals, runways, navigational and meteorological services for airways. Governments provide the greater part of water canals, seaways, harbours and wharves for the waterways. The chairman of the National Harbours Board has estimated that the federal government investment in the marine infrastructure is approximately \$3 billion. The annual operating costs for this system are approximately 700 million dollars. If provision for capital amortization is included, this government support of transport modes is reflected in pricing decisions. The railways receive no comparable assistance, and are therefore not able to compete freely with the other modes of transport.

To clearly illustrate this anomaly, the federal government funds some 80% of the infrastructure costs of airways and waterways. Yet, the railways receive support for less than 20%.

The federal government, therefore, has ample precedent to support the railway infrastructure. One way of doing this, would be the introduction of federal funding of the fixed cost portion of the roadbeds of the national railway networks. This would make the roadbeds common arteries and could accomplish two objectives. First, it would re-

move the overhead cost from railway pricing decisions, which in turn would allow the general rate level to fall to that level suggested by the equitable pricing technique, without jeopardizing the railways financial viability.

Second, it would alter the character of the rail lines so that they would become public transportation arteries, similar to our national airways and waterways. It would permit any operating railway to demonstrate its competitive capability, and the shipper would have the option to negotiate with more than one rail carrier or even operate his own train. Thousands of duplicate facilities could be consolidated, thus providing immense benefits for consumers, shippers and railways.

This has been demonstrated in the airline industry, where joint use of facilities is operationally possible. If it is an effective system for the airlines it should be an effective system for the railways.

The equitable pricing technique therefore extends beyond equality for shippers. It can achieve equality for all transport modes. It recognizes that other modes receive substantial financial assistance from government, and is, we suggest, consistent with the National Transportation Act.

Let us now consider the third party in this transportation pricing equation, the railways. What impact would our proposal have on them? The railways supported by past Royal Commissions, have argued rate discrimination is a necessary and justifiable practice in order to meet fixed costs. They also point out that these discriminatory practices are condoned by law.

Let us examine the railway's requirements. Their needs, simply stated, are that total revenues cover total costs, plus a reasonable return on investment. Today's rail rates, to meet these requirements, adversely affect industry in Western Canada.

We believe this situation can be remedied by the implementation of the equitable pricing technique as it provides equal rates for all shippers. It is designed to maintain the railways' financial integrity by the federal government's assumption of a large portion of the fixed costs. These same fixed costs have led to railway rate discrimination in Canada and it is our view that our proposal will end that discrimination.

They will, of course, speak for themselves, however we believe the railways should welcome this concept. From correspondence we have received from the two major railways we quote:

"The single most important item in railway overhead costs is track which is provided by railways from their own financial resources. For other carriers, highways, airways, and waterways, similar facilities are provided out of public funds. These carriers, therefore, pay for the use of their facilities, in varying degrees, by user charges. As such, they represent variable costs to carriers competitive with railways."

Certainly this statement is in complete harmony with the equitable pricing technique. The burden of this large overhead would be relieved by placing the railways on an equal footing with other transport modes.

One other point should be underlined. As it is today, the railways' pricing decisions determine, to a large extent, where industries will locate . . . which industries can grow and prosper, and which cannot.

At the March 30th meeting in Winnipeg, between the Western Premiers and the railways, the railways acknowledged their influence on industry location. They indicated that rate making involves subjective judgements, subjective judgements of what contribution to overhead each movement should make. They advised that they could not see why that responsibility should be passed to government. The question we must ask is should the railways have this power to determine the distribution of economic activity? Should it not rest in the hands of the Canadian people and be determined by supply and demand within the market place?

We have described how the equitable pricing technique will benefit consumers and shippers throughout Canada. We have described the role of the federal government. Now, how can the equitable pricing technique be implemented, monitored, and controlled. The answer could be through the Western Transportation Evaluation Authority and its counterparts in other regions. This authority has already been proposed here today.

In summary, our proposal:

- Is based on the costs of providing services;
- Is in conformity with the present costing practice of the carriers;
- Recognizes that users of transport other than rail have received and will continue to receive substantial financial assistance from various levels of government;
- Is consistent with declarations of policy in the National Transportation Act of 1967;
- Maintains statutory rates;
- Would be a good start to solving the specific problems outlined in the western paper.

That is the problems created by unequal federal contribution of fixed costs of various transport modes; The loss of manufacturing activities caused by raw material vs finished product rail rates; The general lack of rail rate groupings in Western Canada that adversely affects rural development; The inequities of horizontal percentage increases and long and short haul discrimination; And finally the difficulties caused by rail abandonment.

Further impact studies are required to demonstrate the full benefit of the equitable pricing technique. It does not require consideration by yet another Royal Commission.

Today, we have defined a new system, a new system that—sustains the national railway network,—allows the economic factors in the market to determine what industrial development will take place; and therefore would remove a longstanding injustice to Western Canada.

Mr. Prime Minister, we would expect from your Government, at this Conference, an expression as to the principle we have enunciated.

Premier Loughheed: Perhaps, just to follow through on that matter, we thought that it was very important at a conference of this nature, that we present some new approaches; not tampering with, but looking at your comment of fundamental changes and we have therefore,

presented it as a proposal that could be considered by both the conference and in an on-going basis.

Premier Blakeney: Prime Minister, I have watched the presentation with a good deal of interest. I am very attracted by the proposals, equitable pricing plan, is the word we're giving it. It certainly would do the things which we are talking about, of removing discrimination and making rates relate to cost, rather than to somebody's idea of what the traffic will bear; and let's fully understand that when we talk about competitive rate making, we're talking about what the traffic will bear in the minds of the official of the transportation company. And one of the elements indeed of what traffic will bear, is whether someone else will do it cheaper. But that's all we mean by competitive rate making. It is better put in the context of what the traffic will bear. I'm attracted by the idea because it seems to me we would get the best use of our existing roadbed by this. We have got a lot of railway plant in this country which we have paid for, or in the alternative, we're still paying for, and I think if we conceive of these things as public transportation arteries in the same way we conceive of our airports as public arteries, and not available only for Air Canada, or CP Air, as the case may be, and our roads as public arteries available to all truckers, we might get a very, very significant social benefit.

I am appalled, as I am sure we all are, by some of the inefficiencies in the current railway system, and I won't need to illustrate those, but last year, the CPR hauled eight thousand cars of grain from Edmonton to Calgary and the CNR hauled ten thousand cars of grain from Calgary to Edmonton, each so that they would be on the right line for going over the Rockies on their own transcontinental line. This is only one illustration, but this we pay for this because we have box cars which bear CP or CN rather than regarding this system as a public transportation system, and all the rails as public transportation arteries. So I am attracted to it on that ground.

I haven't had an opportunity, or my people haven't had an opportunity to study it fully, particularly to study the impact it might have on all of the shippers in my area, in our area. So I cannot say that I give it unequivocal support, but I certainly say I give it support in principle and would like very much to see it the subject of an intensive study by appropriate people representing the federal government and the provinces, to see whether it represents a way of tackling rate making which is fairer and more equitable than the current method which I characterised as one is based on what the traffic will bear.

Prime Minister Trudeau: Mr. Lea?

Mr. G. R. Lea (Minister of Highways, British Columbia): Mr. Chairman, we certainly agreed it would be desirable for the railbed, the fixed assets of the railways, to be purchased by the central Treasury. We go along with Alberta and Saskatchewan on that and I am sure Manitoba. One thing has become very, very clear to all of us, I believe, as we have gone through negotiations, that no one really knows what the rate structure, in terms of freight, really is in Canada, and we feel before we make any major move, that we would like to have impact studies

done to see what is going to happen when we assess all the various plans that we may put forward and we believe there should be a study by both the federal and provincial bodies and we agree with the time limit set, that at the end of the year we should be coming back to the recommendation, but we certainly do agree that we have to do something and that this concept put forward by Alberta, although we don't know what it would do in terms of impact to our economy, we think it is worth considering, along with other concepts, and we would agree that these studies have to be done.

Prime Minister Trudeau: Does the Manitoba delegation want to make any comments on the Alberta proposal?

Premier Schreyer: No. Well, Mr. Chairman, we've had a good deal of preliminary work and exchange of views between Alberta and Manitoba on this concept. We think it is a bold concept and one that has a good foundation in logic. We are particularly curious and interested to know what the reaction of the Government of Canada would be to this proposal, which I say again, certainly seems to have a very definite logical basis for it, and which will, if adopted in whole or in large part, would go a long way towards removing that one very unacceptable contentious present practice used by the railways in setting freight rates, which is to depart from cost and setting rates based on some capricious evaluation of non-existent competitive rates.

Prime Minister Trudeau: Mr. Marchand?

Mr. Marchand: I'm just like most of the Premiers here, it is the first time I hear this new philosophy of transportation for Canada, so I am not ready to say no, or yes. I would have many questions to put and I assume that you yourself would like to clarify many aspects, because we spent, I think, a couple of hours this afternoon in order to agree that you have more information so that you can have a policy, and before we got this information, you already had the policy. So there is something which worries me a little bit about that. But only the matter of the roadbeds, of course, it is not a matter of principle. I don't know if you have an idea of the cost. I think what we have as a rough idea, is something over three billion dollars for something which exists and will not be improved by the fact that we will own them. And will this new track belonging to the federal government can be used by any company, that instead of having the best, the CP and the CN will have the CQ and the CJ and so forth. I don't know if it is according to your philosophy Mr. Schreyer to multiply the railways in Canada. There are all kinds of questions. Now when you decrease the rates as it is proposed here and which is attractive of course for any shipper, you must understand that goods will be shipped the other way, towards the West and it will be more and more difficult in the West to compete with industrial Ontario for example, because they will have the same advantage. So what will be the impact on the industrialization of the West? What will be the impact on the trucking industry? Because, of course, we can always say we'll give exactly

the same subsidy to the trucking industry. We have a way out of course, we can tax. Because the public will have to pay one way or another, so all this we would like to look into. We would like first I think, to have all the information and maybe this Committee we talked about, it might be its first task to look into that and to look into the feasibility of introducing a maximum—minimum rate concept, which is something very important. So they have there as a safeguard. So this Committee could report to the Committee of Ministers all those ideas, and trying to have the facts in the meantime, because some idea might look very generous, but it might be generous, not necessarily for the public. So we will have to see exactly the impact of all this. So it is entirely a new concept and I think that, you know, when we talk about freight here in the West, probably that, you know, that in terms of revenue it is the trucking industry, which represents forty percent of the revenue. That means railway, plus trucking. Trucking is forty percent of this. So this is a very important fact. That doesn't mean, when you say the philosophy, or the establishment of rates for the railways, it is what the public, or the customer can bear. It is true in certain cases, there is no doubt in my mind, I've seen one and I have reacted exactly the same way you do, but in other cases, it is not true. You have the Crows Nest for example and it is not what the customer can bear and you have the frozen Branch Line. It is not true. And in other sectors, it is not true too. When that decreased the freight rates for example in Vancouver, in order to allow the Canadian steel to compete with Japanese steel—not with Alberta steel, but with Japanese steel, well. . . . At this time the rate is not necessarily determined by what the customer can bear. So it is true partly, but when you will make the analysis, probably what looks to you like this, will be like this. So if the difference is what I think. . . . well maybe that this is not the solution, we will have to modify many things in this. So, the only thing I can say, I don't think we, that we can make any intellectual effort in that field which is very important for Canada has to be scrutinized and analyzed and make a report so we see if we can approve of the whole thing and I mean not only us, but the provinces, and you'll feel the same way, because you want to have an opportunity of looking a little bit more closely to the paper.

Premier Lougheed: Mr. Chairman, if I could just follow up on those remarks in about three or four different ways. First of all, I think in terms of cost, I believe that one should not be all that alarmed about it. In the assessment we made, it looks pretty clearly to us like about twenty-five percent of your transportation budget, and that of course, doesn't take into consideration the very definite, the real tremendous advantages such a program would have in terms of reduction of rates. I think in that sense, in the financial sense, it is something very practical within the federal government means, and we hope that your assessment of it doesn't approach it with any sense of skepticism. We have presented it here as a new and different approach. I think you very validly raised the caveat with regard to the impact of it. We recognized that Mani-

toba and British Columbia have commented upon it and we are quite prepared to look at it on that basis. We're also quite confident in the basic theory of this approach, with certain modifications required, which we'll no doubt be discussing, really, with that limited group that is affected in the trucking industry in terms of competition, we feel that that can be off-set too. So we're confident on those particular areas, subject to the impact studies. But we did want to present at this conference, something new and something more than a tinkering. So having said that, we now are interested in whether or not, in addition to what the federal government put on the table this morning in terms of transportation, does the federal government have any new approaches, so we can get away with this constant haggling and battling with regard to freight rates. Is there any new approaches that you, on behalf of the federal government, have that we could consider?

Mr. Marchand: I think, to be honest, Mr. Lougheed, I think we have suggested that all the, what we call increments of the trade, would be revised and would be revised in the spirit I mentioned. Outside of that, we're ready, if you think that even if this is corrected there is still a problem of freight rates in the West. We are ready to go further than that and see if we can have some formula as we found in the Maritimes with the MFRA and the Atlantic Assistance Act, where they received some help from the federal government because they are in a particular situation. Now we are ready to look into that and to solve that. But say, if it succeeds, if we correct all the anomalies, outside of that if we place really the West on an equal footing with the rest of Canada as far as trade is concerned. Now, the effect of your proposal I think, Mr. Peacock, is to lower the whole thing a certain amount. This of course, there is only one way it can be done. We can reduce the whole thing seventy-five percent. Of course what it means is that we're going to charge to the general public for this. There is no other way we can do it. Anyhow, we would like to see, I don't know if you have another way of financing this, but the main idea is that, o.k. we are conscious of the problems that you have put on the table. We have offered some solutions. Now you want to go further than that and have a new, an entirely new concept of transportation in Canada and you agree that we all have to look into that to see really what will be the impact and I think that Mr. Peacock, you wouldn't be ready yourself tomorrow to say where this is what we're going to apply. So in that spirit, I think we can start working and looking into all this and when you get all the information, all the facts, all the costs, and all the rest of the information we already have, well maybe we can outline the policy which would be agreeable to all Canadians.

Premier Lougheed: I'm still not sure Mr. Chairman, I follow that. I appreciate the response the Minister made. What I am now asking in reverse is, having heard the presentation made this morning by the federal minister, I am curious. I just don't get a sense, when the Prime Minister opens the meeting and talks about fundamental changes in terms of western development, when the first

item on the agenda is transportation, when freight rates is the basic and hard issue of the transportation question, what is the federal government today proposing?

Mr. Marchand: I just said it Mr. Lougheed. I just mentioned we're ready, we have twenty-eight rates here and you can supply fifty other ones if you want, that we can revise and try to adjust, because the West has been complaining for that for years. Not only here in the West, in the House of Commons. I have been in the House of Commons for eight years and I heard that and it struck me, too, to know that the piece of goods from Toronto to Calgary was more expensive than to Vancouver. To anybody it is something strange and we say, well, let's see if we can tackle this. This has been the problem which has been expressed. Now, if there is another problem after that, a problem which, say, well even if corrected, there is a general problem in the freight field that has to be corrected in relation to the rest of Canada. We say o.k. we're ready to look into that. We have found a formula in the Maritimes, let's see if we can have a similar one here. So, if, after that we say you offer nothing, well of course I can offer many others, and you can always say you offer nothing. I don't think it is true.

Mr. Lang: Mr. Chairman, I just hope the Western Premiers would agree that if we have a determined course of action to remove the discriminations which has always been cited by Westerners, from our freight rate system, if we remove those discriminations, if we actually succeed in doing that, we will have done a great deal to change the transportation situation for Western Canada. That's pretty fundamental and then just a moment ago Mr. Marchand mentioned the fact we're willing to look at a new position in relation to maximum rates. The classic position to this point has been that you either have a competitive measure of whether a rate is too high—the railways are operating that themselves—or you have a captive shipper rule which does some regulating and the feeling has been that the captive shipper rule simply is not adequate in terms of a maximum rate procedure. And so here again the interesting suggestion that we'll look at that and seek more satisfactory solutions to cut out the very high rates that sometimes can be charged. It really goes to the point that I think Premier Schreyer was making about rates which are well over cost when that can be shown to be true.

Prime Minister Trudeau: I think that I should add too, that we see transportation as part of a complex of subjects which will be on the agenda. For instance, tomorrow we will indicate one of our objectives is to increase the quantity of secondary manufacturing in the Western Provinces. We will indicate ways where we think this can be achieved. At first blush, as Mr. Marchand indicated, the proposal put forward by Mr. Peacock would seem to make it more difficult to establish secondary manufacturing in the West, because it lowers the cost of eastern shippers to the West and it might have the consequence of bringing more eastern goods. I see you shake your head no. If there is an answer to this, we would like to hear it. In fact, we should carry on the discussion a bit

further on some of the difficulties that Mr. Marchand saw and which I take it have impressed the Premiers, since they too have indicated that this may be a brand new and exciting policy, but they're not prepared to buy it without some further consideration of it and we are prepared to begin that consideration this afternoon, given the time. But obviously, we will have to continue it in some other forum.

Premier Schreyer: Really, there were two basic aspects to the presentation made by Mr. Peacock, on behalf of Alberta. One has to do with the concept of equitable pricing rate making, and the other had to do with the fact that there was a suggestion, a very fundamental, very major proposal that the Government of Canada should attempt to treat on a basis of greater consistency and parity the fixed costs of the major modes of transportation.

Now, I take it from what Mr. Marchand said, that there is no reluctance on the part of the federal government to enter, to initiate an impact study, of a detailed and definitive kind with respect to the alternative methods of rate making, whether equitable pricing or whatever.

Now, the other point, I don't think there has been any indication as to federal attitude. Can we assume that the Government of Canada will also undertake a detailed definitive impact study on this very logical proposal that has between the major modes of transportation, air, water and rail, the percentage of the total fixed costs assumed by the Crown, is approximately equal?

Prime Minister Trudeau: On this point, perhaps our committee should begin by looking at the facts because the way they appear to us at the federal level is that the subsidy is about equal in the case of rail and of road. In other words, the percentage of costs which is represented by revenues is almost the same. It is 72 per cent of costs in the case of road and 73 per cent of costs in the case of rail.

Now, I see you frowning, and I haven't obviously made the calculations, but Mr. Peacock is certainly going under the contrary impression that we are heavily subsidizing the roads because we are building them and the user is not paying for them. But my understanding of the roads is that the user is paying for them at almost the same proportion as the use of rail.

Mr. Lang: As I see it, the real difference is how the costs are classified rather than how they are borne. In the case of roads, the point was made that they may be classified as variable costs, whereas in the case of rail, they are not. Basically, if you look at the overall proportion of costs, you cannot say it is an argument for helping on the rail cost side because of the greater help given on the trucking side. I just don't think that argument can be made.

Prime Minister Trudeau: Air and water is considerably lower, but rail and road are pretty much in the same category.

Premier Lougheed: I am still puzzled. Your response to our proposal of terms of equitable pricing is something

that you are still prepared to consider and I think we presented it in that spirit. But I am still concerned that when the freight rate is such a fundamental question for this Conference, I am not understanding clearly, then, the Minister. Is all we have before us is the letter of the Minister of Transport of July 19 to the President of the Canadian Transport Commission? Is that the sum and substance of the federal response to the question of freight rates at this meeting?

Mr. Marchand: No. I think I told you more than that. I said that these are the freight rates which have been complained about, well, more often, say, than others. We know that it is not, and we have mentioned that it is not limitative, that there are many others and we rely on you and this committee that we propose, to bring all the others that you think and with the kind of information that you are going to get, there will be a lot of rates that you would like to have revised. This is not the only thing.

Now, if after what you say, well, there is another problem because even if those inequities have been solved or settled, we have the general problem of freight rates in the West. We are ready to look into that and see if there is an injustice to find a formula of some kind which is acceptable to you, whether it is something comparable to the MFRA or Atlantic Assistance Tax or any other way we can do legally.

Premier Lougheed: Mr. Minister you are not prepared to be more specific than that. My so called intelligence told me that at the very least we would hear from you today on the case of the rapeseed oil, rapeseed meal case, at the very least, we would get a specific response from the federal government on that issue.

Mr. Marchand: You have 28 rates here that are specific.

Premier Lougheed: There are references to the federal regulatory authority to please take another look at them.

Mr. Marchand: It is more than that. We say and take into account the public interest and this is something we want to have an answer on. We would be involved directly with you in this. This is not something we say well, let's go to the CTC. We will be there. I don't want to read the whole thing, but on transportation we have the summary of federal proposals.

They have that, don't they?

Prime Minister Trudeau: Yes, but it seems to have escaped some of the participants.

Mr. Marchand: Because in transportation we have a proposal that the federal government reaffirm its position that Prince Rupert is to be developed. This is something you asked for and that we answered. On Churchill, we are ready to do something. If you want to put a question, I am going to answer. This is something that you have. The freeze on unprotected branch lines for eighteen months, you have that. This is something that is going to cost 11 million dollars.

Premier Lougheed: I don't mean to interrupt you, Mr. Marchand. I was referring to item 6 in the summary that you have there, 6A.

Mr. Marchand: Yes, I am talking of transportation. You say that is all you have this afternoon.

Premier Lougheed: On freight rates.

Mr. Marchand: Yes, the rest you don't want to hear about them?

Premier Lougheed: Oh, I am very interested in hearing from them. And I know that Premier Schreyer is interested.

Premier Blakeney: I really must intervene at this point and say a word because we are very interested in the subject of freight rates, we feel that the rapeseed case indicated to us that a commodity by commodity or rate by rate analysis was going to be futile.

Mr. Marchand: Why do you say that?

Premier Lougheed: Because we started in 1970 and we are in 1973 and we have solved the meal end, but not the oil end of one rate.

Let me go on: You talk about analyzing 28 particular rates and you would analyze another 50 more. I think, sir, with great respect, that it is, to use the Prime Minister's phrase, "A prescription for paralysis by analysis". I don't think we are going to get anything in three years or five years, out of that process and that is why I suggest and support the overall approach by the Government of Alberta.

Mr. Marchand: You think this is a shortcut?

Premier Lougheed: Yes I do.

Mr. Marchand: Well, you will see.

Premier Lougheed: I am not suggesting it would be simple, but I am suggesting we would come to grips with the issue of discrimination and the overall prevailing issue much faster than we would by the analysis of 28 particular rates or any number or greater number.

Mr. Marchand: I mentioned a couple of times, I think, this morning, I have the answer of the CTC on the kinds of amendments to their procedure that they are going to adopt and this is quite a document and I would like you to have it because this is surely too long to wait from '70 to '73 to have an answer. Now, they have a proposal to reduce those delays considerably. This would be an advantage, not only to the West, but to the whole of Canada. There are many ways they can get information. They don't have to do everything by witnesses and wait months and months before you can have an answer. So you will have this document, do we have copies of this? We will circulate that and you can have a look at it tonight and see how the CTC is going to reshape its procedure so that we can have rapid answers. Of course, it cannot be overnight because some of those rates will have to be studied, but nothing of the kind that we experienced in the case of the rapeseed. This will have to be corrected and this will be corrected and when you say you will never get an answer before five years, first, you have one in three years. I don't know why you add two years, unless it is for the sake of the argument.

Premier Lougheed: We might get two or three, but it is really a lot of years.

Mr. Marchand: I tell you, I think we have worked on that very seriously and you will see, according to the paper, this is nonsense to take three years to decide on a rate. We have found a new procedure and I hope that we can solve these particular problems that were raised by the West.

Premier Blakeney: Some of the problems, sir, are conceptual problems, which I don't think the CTC should be grappling with.

Mr. Lang: I asked before if four Western Premiers wouldn't agree with the statement of policy that we were moving to end discrimination in rates that have affected Western Canada through this procedure isn't in fact a major breakthrough in national policy? Now, the presentation we saw, I really don't want to get into in terrible detail, but it talked about the rate setting procedure based, if I understood it, on a existing railway rates, in fact, presently here. Obviously, some different rating procedure would have to be used for next week and next month and next year, because once you adopt the proposal you would be into each individual rate and you would have a rating question. Also, I may say, it raised the fundamental question whether subsidizing a cost of movement of goods is in fact in the national interest, when it might in fact lead to the movement of goods where it would be better if it weren't moved, if they were processed somewhere else. If I may, one may argue cattle processed to the grain growing area is more likely to happen if rates are real than if they are artificially subsidized. Perhaps that is a very important question.

Now, Mr. Chairman, Mr. Blakeney raised the question of the rapeseed case. The CTC had a real problem there because at one end of the problem is the Crow's Nest rate and that is a dilemma in discrimination between one rate and another which has to be met head on and I am not sure by just saying you can ignore it, is going to solve the problem. You really have to decide how far you are going to run it. If you are going to run it on rapeseed oil, because it is on rapeseed, do you then run it on all the other oils, because it is on one, do you move it into meat because it is on grain, where do you end? That is not the right procedure? If you have that kind of low rate on grain and meat, what happens, again, on the question of moving the grain to one area instead of grazing the meat on another? Those are questions which are of fundamental importance to Western Canada and which I hope we will look at, but at the same time let's get to the business of getting the discrimination removed from those areas where it has been visible in the West immediately where we know it has, we will get on with it and try to get a solution to those problems.

Premier Blakeney: Don't think we are not anxious to "get along with it". We are not as optimistic about the likely speed of action.

Mr. Marchand: There is nothing in the Constitution that can compel you to be optimistic.

Premier Blakeney: Not on freight rates.

Premier Lougheed: Mr. Chairman, perhaps if I could approach it this way: The Speech from the Throne, and I believe my memory serves me right, was January the 4th. It is now July the 24th and we have this letter of the item involving transportation and freight rates. Is there no specific place or number of places where the federal government and their assessment with the full access to the cost have been able to say in the public interest there should be these changes.

Mr. Marchand: I think, in the meantime, Mr. Lougheed, there was no freight rate increase, general across-the-board increase, since more than a year and we had to intervene in this. It has not been done, you know because we wanted to meet with you and say this is a problem in the West. This is a problem of discrimination that was talked about and we are trying to see how we can solve it and there is the problem of the information you wanted to be sure that the West had a fair deal. Okay, we agree to that and if there is something else we say we are ready to see if we will have to do for the West what we are doing for the Maritimes. If all this is nothing, it might be your opinion, but I think it is much more a decision than the paper we have, if it takes, you know, three years to study the 25 rates mentioned here, I tell you it is fifteen years before we study Mr. Peacock's paper, because the whole system is going to be transformed. I don't say we shouldn't do it, but to pretend that it is going to be rapid, I don't think is—

Premier Lougheed: We didn't expect that, but we did expect, I think, and reasonably so, on the first item on the agenda of freight rate a more substantive reaction from the federal government. Mr. Chairman, maybe we'd better move on.

Prime Minister Trudeau: You have none of the answers to the questions Mr. Marchand asked you about effects of your proposal on trucking—

Premier Lougheed: Yes, we have. And I think we said we are prepared to produce them. We don't have the full access of the cost disclosure the federal government had until the undertaking today.

Prime Minister Trudeau: It might have been useful if we had this proposal before today, we might have been able to give a more substantive reply to it. You have had, since the month of January, also to prepare this, and it is too bad we're only getting it today and I understand the provinces, themselves, haven't been able to agree with them.

Premier Lougheed: At least it was a general proposal of some merit.

Prime Minister Trudeau: We can make general proposals, too. The difficulty is to make them so they work.

Premier Lougheed: Yes, it might be, too, that when you are preparing a Conference such as this you could come with some specifics in terms of the federal government of a greater nature than this.

Prime Minister Trudeau: There are four full pages. Mr. Lougheed, of specifics—three and a half and we will leave it to the judgment of the people as to whether these are specifics or not.

Premier Blakeney: You will forgive us if we think that the standardization of western highways is not in quite the same class as freight rates.

Prime Minister Trudeau: We forgive you for thinking that and we haven't weighted these various suggestions. What we are trying to answer, as the Minister has said, the various proposals that have been made over a period of years by many of the western spokesmen.

Premier Blakeney: May I make just one other comment. Mr. Marchand, the Minister seemed to indicate there had been no general freight rate increases in the last year or so. That may in fact be so, but I think we all know general freight rate increases govern only a very small number of items.

Mr. Marchand: 50 per cent.

Premier Blakeney: Not 50 per cent of the tonnage in Western Canada, unless I am misinformed. We have had potash rate increases, alfalfa rate increases, steel, skelp rate increases and I just speak now from memory.

Mr. Marchand: All on agreed rates, yes.

Premier Blakeney: And, as I say, lots of them.

Mr. Marchand: There have been many rate increases in the last few months. I think the railways are trying to have new deals with shippers on many rates. If you ship something and agree with CP to increase it by 20 per cent well, you know. But the only reason you say I agree to 20 per cent is because there was no other way of me shipping, then there you are right, there you have a grievance. Where are those grievances? Do you have specifics. Because you asked for specifics, I think we should ask for specifics.

Premier Blakeney: I would be delighted to provide you with specifics.

Mr. Marchand: Please, at the same time that Mr. Lougheed is going to provide us with specifics in the proposal.

Premier Blakeney: I would be quite surprised if the potash industry hasn't put in a specific comment on freight rate increases yet, but if they haven't, I can assure you that we will be able to get one.

Mr. Marchand: Mr. Blakeney, to be honest, the only specifics that we have today is what we have proposed.

Premier Blakeney: Oh, sir, you are saying that the federal government has not received any complaints or any expressions of concern about potash rates, or alfalfa rates or skelp rates?

Mr. Marchand: Yes, we have here a list of rates and we tell you if you solve some that you want to add to that, we are ready to accept them.

Premier Schreyer: This discussion in the last thirty minutes, if I may say so, with respect, has deteriorated partly because there seems to be a lack of communication, despite the fact that we are talking. There isn't much communication. Mr. Marchand has made the comment, I think, an unfair comment, that there has not been a submitting of specific grievances. Mr. Marchand, that is the least of our difficulties, providing you with specific cases of freight rates which appear to be discriminatory and irrational on the face of it. Now, about five or ten minutes ago, Premier Blakeney made the point that what is needed here is not another review of freight rates anomalies. We have many reviews of freight rate anomalies. They exist and will continue to exist, review or no review, as long as national transportation policy and freight rate setting is based on the concept of intermotive competition. This is what I said this morning, and unless and until the federal government is prepared to indicate whether they are ready to depart from that basis of freight rates structuring and to proceed to a policy basis of actual costs, we will continue to have anomalies, regardless of how many reviews you can conduct or cause the CTC to conduct in the future. One of the reasons, and you, yourself, Mr. Marchand, referred to it, you said you have heard in the House of Commons for eight years and more the case of cost of moving steel from Toronto or Hamilton to Calgary—vs—Hamilton to Vancouver. The reason for that anomaly exists and it is an anomaly, is because the freight rate is based on a water competition and not based on actual costs to the railways.

I have mentioned the case of rapeseed meal and rapeseed oil and also the case of what the CNR are charging freight rates in northern Manitoba, all of these are examples of anomalies. They exist, there is no question. They exist, and they will continue to exist, despite the number of reviews you carry, as long as your National Transportation Act permits rates to be set on the basis of intermotive competition because that is what produces the distortion.

Mr. Marchand: Not always, Mr. Schreyer, if you agree, because if you take the case of steel. You say it is water transportation. At this moment—well, for a long time it was not water transportation. It was competition from Japan. And whether you like it or not, B.C. is better located than Manitoba as far as Japan is concerned. We had the same thing, with hardwood, for example. The competition is from the Philippines. This is the kind of competition we have to meet. Just like canned goods coming from Israel or coming from California. So there are all sorts of reasons, not only because they are not charging all rates according to what the consumer can bear. Now, if your proposal, if you say, Mr. Schreyer, let's be a little more rational than we are, let's review the Transportation Act, okay. But you're not expecting a short answer to that because it has to go to the House in the Fall and this Transportation Act has been adopted, the principle of it, you know. The principle of it has been adopted unanimously by the House of Commons and I am wondering if you were not there at that time. I think that we all agree that it was a good scheme.

Anyhow, there is no formal position to the principle of competition in that field. Maybe we were all wrong together and just because we were unanimous we shouldn't stick to that. I think that if we change that we have to have an alternative which is acceptable to all Canadians. You know Canada as well as I do and sometime you have irrational rates or you have inequalities. Well Canada is not equal and Canada is not rational. You have Newfoundland, which is thousands of miles from the market. It is not very rational. You have the Eskimos, you have the Indians, you have the people living in Gaspé. Nothing is rational in all of this. We have to find a rational policy. It's difficult and nobody can find an easy solution.

Now, instead, during our discussion, if we find the Transportation Act to be amended and we find a better formula, let's go do it. But we don't lose anything in taking those rates, which have been very offensive to the West for years and say let's try, if we can, to correct that and if we have to go further, either going into Mr. Peacock's proposal or having a new Transportation Act, we will not oppose it if it is better for all Canadians. This is how we look at it.

If we say, okay, gentlemen, Mr. Premiers, excuse me, we are going to modify the Transportation Act, that is good. It will be introduced when? Sometime in the Fall by some other group, I don't know, and it will take, how many months? I don't know. And you will still have this discrimination. What we are proposing are concrete things and say well, let's do that and let's not preclude any solution to those problems. This is the attitude we are taking.

Premier Barrett: I have been sitting back listening to this somewhat niggling exchange and I feel for my colleagues because there is confusion on their part. One week before we met in Victoria, Mr. Lang made a speech in Winnipeg and he said that he hoped that the Premiers would not get down to specifics because that would be "tunnel vision".

And here, Mr. Marchand wants us to go into tunnel vision that Mr. Lang has defined. Now, I feel a sense of frustration for my colleagues and I know absolutely nothing about freight rates and that gives me a distinct advantage.

These fellows have gone through hour after hour of preparation to come to this meeting. I have sat through many hours of it. I found it very boring, but they are very earnest about it. They have a serious problem and, quite frankly, the reason why this was the first item on the agenda is because this was the thing that bothered the majority of us. It was three to one and I sat back and I listened. To have it reduced to this kind of exchange, I can feel their frustration.

Mr. Marchand: Do you feel mine a little bit?

Premier Barrett: I feel for you, too.

Mr. Marchand: Thank you very much.

Premier Barrett: Every once in a while I allow the social worker in me to come out.

But if we are going to solve this problem, surely to goodness, the least we should have out of today's meeting is some agreed framework, a step by step process of handling it and if we throw the ball back and forth saying you're not being specific or you are being too specific, we have wasted all this time and, for my own part, I cannot afford that kind of time.

Quite frankly, I would have hoped that we would have reached the point of discussion now to come to some agreement as to a method of approach.

Mr. Peacock's approach may have some attractions, maybe it doesn't. But at least it is an earnest attempt to build the framework. We have some hesitation about that framework, but nonetheless at least it's a framework. Can we reach the point where we have some framework and agree on that and allow the people who are responsible to pick up the pieces after this to carry through and come back with something concrete?

Prime Minister Trudeau: I think there was agreement on that at least half an hour ago, to study Mr. Peacock's proposal which the provinces as well as ourselves said that they wanted to take a good long look at. The question is have we been specific enough: is there enough in here or not, and I rather agree with Premier Barrett that we are not advancing very much by assessing each other's performance at this particular stage. I think we should go on to the next item of the sub-item and talk about ports unless there is some—

Premier Blakeney: May I just make one small qualification? Do I understand that the CTC and federal government are going to study freight rates and what are referred to as anomalies in the paper. You will appreciate our point of view that if you apply the competitive rate principle it may well not be an anomaly even though it is devastatingly discriminatory. What we have to have from the CTC is an undertaking that they will find a solution to those freight rates which are generally detrimental to the West even though they may be consistent with a policy of competitive pricing.

Mr. Marchand: We agree on this Mr. Blakeney and the new elements that we want to stress is public interest and the Minister of Justice is being represented to stress that point not just to say well it's logical in the whole structure of rates per se but it is logical to lower or change the rate for public interest reasons.

Premier Lougheed: I have a question to the Minister, Mr. Chairman, on your letter of July 19th to Mr. Benson listing these matters do you have in mind or would you consider a possible time frame? I recognize the difficulty of that but just so that there might be a sense of urgency attached to it and that we could perhaps supplement the letter with what you think would be a reasonable date?

Mr. Marchand: Well, I think that if you can have a look at this paper I referred to two or three times where the CTC says that they are going to find a new procedure to go faster, how much faster I wouldn't like to tell you, say, a month or two and after that it takes four or five. I think we are making every effort so that we have an

early decision on this but I wouldn't like to tell you a day because—you are in governments and probably you know better than I do that these are the kind of things that—but if we don't move and don't do pressure I think that you will be justified to tell us publicly that we are not fulfilling this commitment to do all what we can in order to have a decision of the CTC.

Premier Lougheed: But it is your intention to try to impart a sense of urgency with regard to the matters in the July 19th letter?

Mr. Marchand: Yes.

Premier Blakeney: Mr. Chairman, before we go on to the matter of ports, may I raise briefly the subject of branch lines, a subject different from freight rates but still within this number three item. I will ask the Deputy Premier, Mr. Romanow, to speak about this.

Mr. Roy Romanow (Attorney General and Minister in charge of Transportation, Saskatchewan): Mr. Prime Minister and Mr. Premiers, just very briefly I think there is much to be encouraged by the position of the federal government with respect to the freeze to January 1st, 1975. There are two or three things, however, that do concern us. We are concerned about reports that there is in many ways effective abandonment by the railway companies by virtue of non-maintenance of some of the branch lines that are affected and that the freeze to January 1st, 1975 of those unprotected branch lines may in some way hasten the abandonment principle by non-maintenance.

Secondly, we are somewhat concerned about what happens after January 1st, 1975. Will we be faced with then a flood of applications to abandon branch lines, a whole series of applications at that stage? I think it's important that we work out a time table in consultation with the provinces as quickly as possible to be announced well in advance of any abandonments or any applications for abandonments so that our communities can get used to the ideas and the situation can be understood by all.

I am sure, Mr. Prime Minister, you will agree or at least will understand the terrific apprehension, I think, that exists in the Prairies especially smaller communities who see their branch lines threatened with abandonment, the closure of service centers, the closure of station agents, elevators and the like. The deterioration of rural life in Saskatchewan I think is part of all of this so that all I would simply like to say is that if we can pursue this further with Mr. Marchand and other officials to make sure these two or three several things that we raise are met and overcome, that this appears to be not a bad suggestion.

Prime Minister Trudeau: I will call on Mr. Lang to deal with this on behalf of the federal government.

Mr. Lang: Mr. Chairman, what we have really done is place the remaining branch lines in the same position as the previous group which has been frozen until January 1st, 1975. Premiers and Ministers will be aware that we did exhaustive studies on the whole question of the grain handling transportation system which is the main focus for these particular issues and that those studies are

now in the hands of the Canadian Grains Council Committee on which the provinces indeed are serving, and I see that as a very important point of focus for developing the planned course of action. I think, Mr. Chairman, that Mr. Romanow was quite right in saying that some of these lines are in a sense being de facto abandoned. The truth is, of course, the railways could keep them up totally at our expense because any of our expenditures are recoverable in this particular situation sooner or later from the Federal Treasury in the present circumstances and indeed the pressure isn't really any more from the railways to deal with this issue but it should properly be from the provinces and from ourselves to get a rational approach to moving forward, as has been said, to try and make sure the communities involved get certainty as soon as possible. The elevator companies too are in a very terrible position in not knowing where to invest and when to invest and therefore we have to move very rapidly. I would hope that we might be able to reach some broad decision in this regard through the work of the Canada Grains Council Committee and through our own deliberations even before the date of January 1st, 1975 but that certainly what happens hereafter should be on a basis of an agreed examination of the overall rail line systems and the kind of costs that would be involved in highway building and community development to make up for them.

As you know very often, Mr. Chairman, the communities have really abandoned the lines themselves except for grain which runs on because of the crow's nest rate and because of the subsidies which are paid on that basis.

Mr. Romanow: Mr. Prime Minister, one other comment if I might be permitted, I overlooked to make the observation as well that we talk about rationalization of railways in sort of general terms. I think we should be careful that we don't sort of use the abandonment of branch lines as the rationalization process. The network has been said over and over again so it has been built in many ways without rhyme or reason by competing companies and somehow we have to rationalize the railways and then watch for the abandonment of branch lines. It is just a sort of general statement that I overlooked making at the beginning.

Premier Schreyer: Mr. Marchand in his statement earlier today indicated that the Government was prepared to set a date of January 1, 1975 for a freeze on any abandonment of any unprotected lines and I think he indicated as well that this would cost the Treasury something in the order of eleven or twelve million dollars. Did you use that figure? This is an amount which the railways up until now were not expecting presumably. In any case also—

Mr. Marchand: They will have got it much later. Now they will have it faster.

Premier Schreyer: Elsewhere in the documentation you indicate that the CNR is expected to undertake not to file a general increase in rates prior to that date. Why is the reference exclusive to the CNR? Why just the one railway?

Mr. Marchand: I think that the request was made to the two railways not only the CNR. It refers only to the CN?

Premier Schreyer: Well, it does in this document.

Mr. Marchand: Maybe it was worded that way because the assumption is that the CN was not expected to make any increase, that the CP is not in a position to have an increase.

Premier Schreyer: That would be logical. While you are looking at that, Mr. Chairman, may I ask the Chair, I realize this morning, Mr. Prime Minister, you indicated that there really would be far less reason to have any communique issued on any subject at this conference, and I would like to ask the Chair in view of the certain degree of vagueness that has crept into the exchange of views on transportation and freight rates particularly in the last hour, whether you would think it a good idea to have some of the staff people attempt to pull a communique together that would help us in terms of clarity just what it is that we did come to an agreement on before we leave on Thursday.

Prime Minister Trudeau: Well, as I indicated in my administrative remarks the Secretariat will be circulating verbatim reports of what went on. I would suggest that, will they be available Mr. Gallant, au fur et à mesure que la conférence se déroule?

Mr. Edgar Gallant (Secretary): La session suivante—one session late.

Prime Minister Trudeau: Bon; we could then look at them and if there is a dissatisfaction or desire to obtain greater precision, then we could consider then perhaps on the evening of tomorrow night whether we would want to begin getting a communique together. We are certainly not opposed to the idea. I just had a memory of the very long time it takes us to agree on a communique and if the words are available it might be sufficient. However, I think we should keep Premier Schreyer's suggestion in mind and consider it perhaps when we meet as First Ministers tomorrow night.

Premier Schreyer: As I said, Mr. Prime Minister, I hope I won't try to make the same case for a communique respecting the other subjects on the agenda but this one I do believe after I get the transcript of the verbatim record that at some subsequent time before we adjourn Thursday that we could hopefully have our staff work on a communique.

As a case in point it's not so much that one argues with Mr. Marchand undertaking to direct the CTC to make a review of the anomalies etcetera and that's good so far as it goes, but I confess it is not clear to me, after all our discussion, whether there was also a similar inclination on the part of the federal government to also take under study and consideration the possibility of moving at least by degree away from competitive pricing principle and in degree towards the principle of actual cost and that is something that would be helpful to articulate in a communique, if at all possible.

Mr. Marchand: Well I always thought that the grievances didn't come from the fact that there was competition. The main grievances in some cases there is no

competition at all and that the rates are fixed on another basis.

Premier Schreyer: You say in the converse. All right.

Prime Minister Trudeau: Can we go on to sub-item 4 on the port's policy. Is there a lead off for the provincial Premiers on this?

Premier Barrett: On behalf of my Maritime colleagues first of all I would like to express my appreciation to Mr. Marchand and Mr. Jamieson. Since our Government took office both Mr. Marchand and Mr. Jamieson have been very very helpful to us in the area of port development. We have reached the point of some rational plan for Rupert and we are now prepared to talk about expansion of Vancouver's facilities.

There is, however, one area that concerns us and that relates to the last section of Rupert, No. 2 under Rupert, and that is the ecological study.

Prior to coming to office there appeared to have been an agreement between someone in the federal government and the previous administration to ship coal out of the Squamish estuary. When we took office we asked for an independent environmental study of that particular proposal and found that would not be a good location. Now, there is some dispute as to whether or not there was an agreement to ship out of Squamish but nonetheless that's been cancelled because of the environmental damage. But the reason I raise this is that since that time we have had a great deal of difficulty in establishing, shall I say, meaningful communication with the federal government about siting of port facilities because of this dispute with your Department of Environment around reports non-reports, alleged reports and then the evaluation of those reports.

It has been a matter of frustration to us in British Columbia to the point that we have taken to a policy of going outside of government offices to independent environmentalists asking them to give us reviews of the areas concerned. Now, especially we come to Rupert. We have agreed after some sparring between the federal government and ourselves, we have agreed to have an independent economic study of the possibilities of developing Rupert as a major coal port versus location of that coal port at Britannia.

Now, we have agreed to the independent economic study and I understand that that's now in the hands of civil servants to come up with a formula to find that independent economist but we have a problem of reviewing the federal government material on environmental damage. We find that we have a process of evaluation conflicting statements from the Minister of Environment. His statements change from week to week and if this appears to be a matter of criticism of the federal Minister of Environment that appearance is absolutely correct. We find it difficult to develop a pattern of logic out of the changing statements from that Minister and it leads us to a terrible sense of frustration that is only relieved by generalized attacks against the federal government. You must give us some indication whether you want those attacks to be specific at the Minister by saying it is not your policy to have con-

flicting statements or that his Department has actually embarked upon a course of creating insecurity by releasing inconsistent statements.

Now, putting that aside, the reality is that we have reached the point that is rare in British Columbia-Ottawa relationships. We have signed a very fine agreement just Friday. Now, the culmination of the agreement is coming to some working arrangement around the development of that port. The one area that is left is the environmental area. I don't want us to be reduced to a public bickering around the value of the environmental report, but we have taken the course of action of hiring independent environmentalists to review the federal government reports because we find in instances they are either unintentionally misinterpreted by the Minister or uncompleted and evaluations are made from uncompleted reports, and perhaps inaccurate evaluations.

The environmental concerns are the major ones left and we would like somehow to get an assurance that we could develop a system whereby we use the joint environmental studies or that when we are given environmental reports that they are complete. The last one was not complete and it is impossible for us to base a decision on the exact location of coal-loading facilities on incomplete information.

So, there is where the hangup is, and I am being very candid with you. It is difficult for us to deal with the kind of pattern, you know, of arm's length announcements.

So, that's one area.

The other areas in relation to ports it won't serve us well at all to develop all the ports in British Columbia and all our seacoasts, if that Alaska oil comes up our coast.

I am not arguing in any way for that Alaska oil going up our coast, and I have proposed alternatives, but what is the federal government's position if that oil does go down the coast? What is your Maritime policy of protecting the coast? Perhaps this can be better raised tomorrow, and I will do that, but I leave that question with you, when I raise again our alternative. But the thing that must be left with you, and I say it clearly, is some understanding that when we deal with you on environmental matters, that we are receiving some consistent technological approach and some consistent method of making decisions, and we haven't had that up to this time.

Prime Minister Trudeau: Well, you did indicate that the subject of the shipping of oil down the Pacific would be more properly dealt with tomorrow?

Premier Barrett: Yes.

Prime Minister Trudeau: On the first point, unfortunately, the Minister had to leave the building temporarily. He may be back in time to deal with this.

Mr. Jamieson has some knowledge of it, and he might clarify some aspects of the questions raised by Premier Barrett.

Mr. Jamieson?

Mr. Donald Jamieson (Federal Minister of Regional Economic Expansion): Prime Minister and Premiers, I just want to address myself to your first comment, which was to say that there was, or is alleged to have been some

agreement with regard to matters before your assumption of office in British Columbia.

Premier Barrett: Yes.

Mr. Jamieson: I want to say that there was no such agreement.

Premier Barrett: O.K.

Mr. Jamieson: That's quite clear.

There was a sizeable amount of discussion about a number of alternatives which involves Prince Rupert. We subsequently came down in favour of Prince Rupert, a project which we have since advanced in co-operation with you. So, I think that that can be laid to rest. I don't want to say that there was not discussion, but there was no agreement, and I gather that even those who claim that there was are only prepared to assert that there was a handshake.

Premier Barrett: Right.

Mr. Jamieson: And there was nothing more than that. In fact, it didn't even go that far. Mind you, I was pleased to shake hands with your predecessor whenever I had the other one in my pocket.

Premier Barrett: You are asking me to turn social worker again?

Mr. Jamieson: On the more substantive point about the environmental studies, I don't quarrel with you at all that they are confused, I think it is in a large measure, and I am sure that the Minister can answer for himself, but the whole environmental issue is, of course, one around which there is a good deal of confusion.

But you and I, and the other appropriate Ministers have agreed on a joint study. I think that that certainly is the best way to proceed in the future: that where we are in fact engaged in port development which is of mutual concern, that we should either do as we did in the case in question, and get a third party, an independent party which we have accepted, and I assume that it is now going ahead.

Premier Barrett: On the economic impact.

Mr. Jamieson: Yes.

And insofar as the rest of the development is concerned, I think it would be very wise if we understood clearly, ahead of time, just what was being studied, and what the objectives were.

Premier Barrett: Yes.

Mr. Jamieson: And I think that on the part of the federal government, I can give you that kind of an assurance.

But I don't think that it takes away at all, or detracts from what is a continuing problem with this whole question of the environmental impact of deep water ports, whether they be on your coast, or on the east coast.

Premier Barrett: Well, I appreciate the fact that we have reached a very good point in terms of the economics, and I must say that although the Rupert port discussions are part of the agreement, if the economic studies prove

that Rupert is not the location, then, of course, we agree, that's not the location for the bulk loading facilities.

But the environmental—this rather raw dispute around the environmental fact between the Government of British Columbia and the federal Minister leaves the public cold in terms of their desire to know: are we really being rational in making our decisions?

I don't want to go through that exercise again, because I don't think it is fair to the people of British Columbia, I don't think it is fair to us politicians.

There is a fantastic individual awareness about ecological matters, and if there is a lack of confidence by the public in the elected politicians, regardless of party, in that there is an appearance that they don't seem to know what they are doing, or even worse, they are making things appear differently so that the decisions can be made that they want, then we run the danger of total loss of confidence in all environmental matters.

Now, if we have to resolve this specific problem by going again to an independent person, I am prepared to go that route.

But going that route and developing that pattern breaks down immediate communications between the two governments, that I would not want to lose; and secondly, it creates time gaps that destroy setting up proper time tables to get things on stream.

So, I just hope that in the future, we don't encounter this kind of raw-edged negotiations, that there is a little more candid approach, and a willingness to not let our own bias influence the environmental matters. That's all.

Prime Minister Trudeau: Mr. Schreyer?

Premier Schreyer: I note that in the federal document that was distributed this morning, that there is a clear and unequivocal statement of attitude by the Government of Canada that it will proceed to develop Prince Rupert as a major bulk handling port for grain and other resource products.

Unfortunately, in the press release that has already been issued or has been prepared to be issued, unfortunately the same can't be said with respect to the statement made relative to any further developments of the port of Churchill.

I raise it now not because it is a matter that is of provincial concern to Manitoba, or a matter of parochial interest; it is a port facility interest in which is shared by the Province of Saskatchewan, to a lesser degree, but in a practical way by the Province of Alberta as well.

Now, all I can see in this documentation that has been handed about and by the Minister's statement is that there is an undertaking that the Government of Canada will make available some 12.5 million dollars over the next seven years, six years, from 1974 to 1980 inclusive, to make certain capital improvements. We don't have any indication what those capital improvements might be. In the western provinces' submission, we did enumerate five specific proposals for improvement in capital project construction, and improvements to be undertaken at the port of Churchill.

I don't think it would be asking too much to ask for some indication on each of the specifics that are included in this proposal for improvements to the port of Churchill.

Certainly, we know, from proceedings in the House of Commons in May, I think it was the last week in May that the National Harbours Board, through Mr. Taylor, did indicate to the House of Commons Standing Committee that 2 million dollars a year was sort of the scale and scope to which the National Harbours Board was thinking of capital costs improvements at Churchill; and even that 2 million dollars, we later learned, was not going to be expended, because the Treasury Board was holding it up.

Now, I don't want to delve too deeply into the internal workings of the Government of Canada, but I can assure you, Mr. Chairman, that it is a matter of profound disappointment that years have passed, there still has been no significant dredging done at the harbour of Churchill, in the turning basin; there has been no significant work done with respect to expansion of the terminal capacity for grain storage at Churchill; there has been no indication as to what reasons are holding up the Government of Canada from supplying some better tug service and general cargo handling facilities at the port. And I noticed in the press release that reference is made that a study will be undertaken—a study to determine whether or not Churchill can be used as an Arctic resupply base.

Churchill used to be an Arctic resupply base, some years ago.

It is interesting to note that those small businesses in Manitoba, Saskatchewan and perhaps Eastern Alberta, that from time to time, a bid on certain construction projects, certain supply orders by the federal government for the supply of the Eastern Keewatin, sometimes, these small businesses in the Prairies are successful, but they find, lo and behold, they have to ship their material supplied via Montreal, and then, a 3,000 mile sea voyage down the St. Lawrence and around Labrador; whereas if there was a general cargo handling capability at Churchill, the distance could be reduced by perhaps as much as 50%, 60%.

Now, we have specific proposals. We don't know whether if costed out, they would amount to \$12.5 million or \$20 million, but it would not be outrageously beyond that.

I don't believe that a study is needed as to the means by which Churchill could be used as an Arctic resupply base.

I think that what could be done—I am advised, I hope my information is correct, that the Northern Transportation Company, which exists now, and, I am told, doing a very good job in Northern Supply down the McKenzie River, on the Arctic Coast of the Northwest Territories, and in the Lake Athabasca area of Alberta and Saskatchewan—Northern Transportation operates in these areas, but it has not been allowed to operate from Churchill; and it is exceedingly puzzling why Northern Transportation Company would be skated off to the boards and not allowed to operate from Churchill, just as it operates in the McKenzie, just as it operates on the Arctic Coast, just

as it operates in the North-East corner of Alberta and North-West corner of Saskatchewan.

These are the specifics relating to Churchill. We would like just a little more definition, a little more precision of intent beyond what the press release indicates to us.

Prime Minister Trudeau: Mr. Marchand?

Mr. Marchand: Well, Mr. Schreyer, it is a little bit difficult to discuss at length here the case of the port of Churchill.

As you know, we had a report on this.

I think that the best thing would be to make it public so that the discussion can take place around it.

Of course, the report is not very optimistic, anyhow, for the future of Port Churchill, but I think that we have decided, notwithstanding the report, to do something.

Well, you cited this figure of \$12 million and you wanted to know what we are going to use it for.

Of course, we are going to use it to lengthen the wharf to 1,855 feet; and we are going to raise the north half of the grain gallery; we are going to dredge the berth to a minimum depth of 35 feet; we are going to dredge the turning basin, and widen the river channel to a minimum depth of 30 feet, and obtain a new tug.

And we want to lengthen the period, the spring season by about, I don't know if it is 20 or 25 days—from 55 to 80, something like that—25 days that we have tried to lengthen the period because it is very short, right now.

And outside that, of course, we would like to meet with you and discuss. We don't want to hide anything, we want to help, and maybe to Northern Transportation, we can do something. But this is what we are doing, we are moving ahead to that extent.

But once you will have read the report, I don't say that you are going to change your mind, and maybe you will actually say you are too pessimistic about the future of Churchill, but we would like to discuss it with you.

But this is what we intend to do. It doesn't mean that with the ice breaker, we are going to use, in 1974, next spring, an ice breaker at a cost of \$250,000 in order to try to keep the ice away and keep the port open longer than naturally it is.

So, this is what we have in mind, now.

Excuse me. As far as the number of days are concerned, just for a precision, it is from 85 to 110 days. Now, the period is 85 days.

Premier Schreyer: Mr. Chairman, my one immediate comment would be that if you have in mind to proceed with a program of dredging so as to, you say, increase the draft, the depth in the turning basin to 35 feet, and at the berth to 30 or 35 feet—if you are going to have that work done, the equipment will be brought up there for that purpose, I would urge strongly that if the equipment is going to be brought there, then, a proper job be done, one that goes beyond maintenance, because really, Mr. Minister, what you are talking about amounts to only a modest maintenance program, because the depth is approximately 30 feet, now, and always has been.

So, I don't think that you are undertaking a significant improvement; you are merely holding the line and carry-
That's the one point.

The other is: I wonder, Mr. Chairman, if there is any indication to either confirm or deny the rumour, I guess that's the way to put it, that Northern Transportation could very easily, with a minimum of any dislocation or adjustment on its part, easily take up the functions, carry out the functions of Arctic resupply out of Churchill. Because at the present time, there is no such capabilities, and Northern Transportation seems to be the logical way to provide that capability.

Mr. Marchand: So, as far as the dredging is concerned, this is to rehabilitate, and I think you are right, it is 30 feet; but probably, it fills again each year. So, we want to keep it at 30 feet, and then, keep dredging, so we rehabilitated at this depth.

We keep it dredged there. This is something that is new. There is no doubt about it.

As far as the other question is concerned, this is something I would like to discuss with the Transportation Council and yourself.

Prime Minister Trudeau: Mr. Blakeney?

Premier Blakeney: Mr. Chairman, I want to say that we welcome the proposals with respect to Churchill. I share Premier Schreyer's view that we are disappointed, it doesn't look as if any substantially larger ships will be accommodated on this proposal.

The particular point I want to make is the resupply function of Churchill.

Once again, there is a sense of grievance that business people of Manitoba and Saskatchewan are unable, effectively, to bid on supply for Rankin Inlet, or Chesterfield, or Baker Lake, and I use an instance of a firm in Yorkton, Saskatchewan, which does in fact supply houses for the

North, and if they went through Churchill, they would go 725 miles by rail, and less than 300 miles by sea. They are, however, required to be shipped to Montreal by rail, which is over 700 miles, and then, by sea, from Montreal, which is more than 2,700 miles; and instead of going 1,000 miles, they go about 4,500 miles.

There is a feeling that if there were the facilities which existed only a couple of years ago, so I am advised, out of Churchill to Rankin and other centres in the Central Arctic, that they would be able to participate in this and have their opportunity to attempt to get the business which is indicated in the supply of the Central Arctic.

Mr. Marchand: Yes, I would like to discuss with you too, Mr. Blakeney, as soon as you have the benefit of the report, so that you can have some reaction, and we can discuss.

The reason why we do that is because we don't see our way very clear. So, maybe you can help us.

Premier Blakeney: I welcome an opportunity to do that. Thank you very much.

Prime Minister Trudeau: Premier Lougheed?

Premier Lougheed: My only concern, Mr. Chairman, is what we haven't accomplished in terms of timing—

Prime Minister Trudeau: Well, I had intended—it is 5:30—just to finish this sub-item, and then continue tomorrow with the three sub-headings of highways, air and—there is only two sub-headings left, but we might want to return to the problem of national transportation, if it is agreeable.

If this is agreeable, I will continue tomorrow, letting the provinces lead off on these sub-items, and then we will go to other items on the agenda.

Adjourned till ten o'clock tomorrow morning.

WEDNESDAY, JULY 25, 1973 / MERCREDI LE 25 JUILLET 1973

MORNING SESSION / SÉANCE DE LA MATINÉE

Prime Minister Trudeau: Order, please.

We have this morning to finish the discussion on the first item: "Transportation", and there are two sub-items which, in my listing that I took from you, Premier Lougheed,—we have two items left: Highways and Air. And, then, I think there is a disposition to have a kind of a summing up or a discussion of one of the earlier points, and perhaps we could look at the whole problem of transportation as a whole.

So, on highways, is there any particular province which wants to lead off on behalf of the others?

Mr. Peacock?

Mr. Peacock: Speaking on behalf of Manitoba, Saskatchewan and Alberta, we have considered the highways as being a provincial position, and without having considered the federal input. Therefore, we haven't presented a paper, but for the information of the assembly, we would point out that we have been working for some twelve months on moving towards an understanding of standardization of gross vehicle weights, and reciprocity in licensing, and fuel taxes. And I think we just want to report that. I don't know whether any of my colleagues would make any further comments on it.

In response to the federal paper that was delivered by Mr. Marchand yesterday morning, there are only two questions that arise there: on the \$150 million for the upgrading and standardization of the east-west number one primary highways, for the Prairies, just how and when that money will be delivered.

Prime Minister Trudeau: Any other comments?

Mr. Lea: Well, Mr. Chairman, we feel that it is good that we are getting together, our technical people are getting together, federally and provincially in thrashing some of the areas that have been of concern to us for a long while, but we, in British Columbia, feel that the North has been ignored for a long time in regard to highways, and we would like to see a route through the North, that would be as good as the route through the South. And it is going to cost a great deal of money to do that, and we feel that the same kind of cost sharing ratio that was set up for the Trans-Canada in the South would be desirable for a northern route.

In British Columbia, to construct the remainder of our highway from Dawson Creek and Prince Rupert, to link up with the Prairies section, would cost in the neighbourhood of \$160 million. But we feel that the people in the North deserve every bit as much as the people in the South; and because the federal government has contributed 50% to the construction of southern highways, Trans-Canada's southern highway, we would like to propose that this same kind of cost sharing formula be put into effect in the North.

I would like to hear your comments on that, sir.

Prime Minister Trudeau: Any other provinces, before I ask Mr. Marchand? Saskatchewan? Manitoba?

Premier Schreyer: Well, Mr. Chairman, we do have some comments to make relative to highway transport and highway construction, but I believe that it is more relevant to do so under Western Northlands, when we discuss that later.

Prime Minister Trudeau: Yes, it is another item.

Yes, Mr. Marchand?

Mr. Marchand: Yes, the only thing, I think that the main problem—I would like to have the reaction on the upgrading of the primary highways. And as you understand, this will have a very important impact on trucking. So, I think that we made a formal proposal on this, and there is the cost of \$157 million that we propose to share with the three provinces: Alberta, Saskatchewan and Manitoba.

Premier Schreyer: If I may, Mr. Chairman, on that point: a news release does refer to \$150 million plus, but there is no indication of the pro rating as among the provinces, as to how this will be allocated, and as to the basic standard that this is expected to bring the east-west highways up to.

Are you referring only to Trans-Canada, or any major arterial east-west highway?

Mr. Marchand: On this, it is not only Trans-Canada. I don't think so. It is on the basic arterials, not only on Trans-Canada.

So, the distribution of the cost, Mr. Schreyer, that I have here, would be, out of \$157 million, if we absorb half of it, that would mean: \$25 million for Alberta; \$21

million for Saskatchewan, and \$32 million for Manitoba. Because I think that your roads have to be more upgraded.

Premier Blakeney: \$21 million for Saskatchewan?

Mr. Marchand: Well, you will understand that what we are trying to achieve now is to have movement between the Prairies Provinces. There are not many highways from Alberta to British Columbia, as you know.

This is another problem: to know if we are going to build some other roads, and if we are going to contribute to that.

But I think that as far as connection between Alberta and British Columbia, this is Trans-Canada Highway, which does not need.

If you want to share in the cost, I don't think that the other provinces will oppose to it.

Mr. Lea: Well, Mr. Marchand, because we have already done our work, we were a little progressive, maybe we should get some kick back.

Mr. Marchand: We did it jointly.

Mr. Lea: Not in the North.

Mr. Marchand: Not in the North, no.

Mr. Lea: In British Columbia, you are spending money on railways.

Mr. Marchand: Yes. Well, I know that you have differences between you, and don't ask me to solve them.

Premier Blakeney: Mr. Prime Minister, may I say that we in Saskatchewan are pleased with the proposal for a major upgrading of the east-west arterial roads. We will need to find out the rational for the Saskatchewan allocation being less than that of Alberta, and less than that of Manitoba, notwithstanding the fact that the mileage will undoubtedly be longer than either of them. But, there may well be a sound rational.

We think that this is timely. Saskatchewan was the first province to finish the Trans-Canada Highway; a cost sharing project which was finished by Saskatchewan in approximately 1955, I might say, much to our financial disadvantage, when we look at the amounts which other provinces have got when they finished the highway in the sixties, and got rather larger contributions.

However, be that as it may, that's history. We would like to co-operate with the federal government, indeed, we welcome their co-operation in the upgrading of these east-west arterials, and we look forward to further consultations on just how this is to be done, and we particularly look forward to consultations on how the \$21 million was arrived at.

Mr. Marchand: Well, of course, I have a few figures here. If you compare the maximum vehicle weights by each province, in British Columbia, it is 100,000 pounds; Alberta, it is 72,000; in Saskatchewan, 74,000; Manitoba, 74,000; and Ontario, 135,000. So, we want to upgrade, probably at the British Columbia level, at least so that the trucks can move from one province to the other without having to unload, or be restricted in their loading.

Prime Minister Trudeau: Premier Lougheed?

Premier Lougheed: Yes, Mr. Chairman, I would just like to respond by saying that we appreciate, and respond very affirmatively to that initiative by the federal government. It is certainly something that we have been moving on in terms of our feelings towards the fact that we just simply, in our province, have to get the gross vehicle weights up. Just a minor correction: it is 74,000 in Alberta, and not 72,000. But the intent of what is involved there, is certainly something that we endorse.

I do want to respond, though, to the question of northern roads, that Mr. Lea has raised, in so far as our province is concerned. The Prime Minister, I believe, in April 1972 made an announcement with regard to the McKenzie Highway. And as a result of that announcement, I believe there was a consultation by the Ministers; and we are now moving in a very accelerated way in terms of the McKenzie Highway, and in the process, have already made a \$16 million commitment to move that McKenzie Highway, on an effectively paved basis to the top of our province.

By the same token, we are involved, and have already undertaken, a \$10 million commitment to move our highway up into Fort MacMurray. So, in terms of northern highways, there is no question; we respond to what Mr. Lea is saying, and recognize that we, as a province, have our own responsibilities as well.

Mr. Marchand: Well, I think that you remember, everybody, that we had this study on northern roads, and I think that we agree on the things that we have to do. We have not agreed yet as to when to do it, except on the McKenzie, and I think it was announced by the Prime Minister more than a year ago. So, this is o.k. For the rest, I think that there is a problem in Manitoba in linking with Ontario, which is very important too.

So, this is surely one of the subjects, the first subject that we could refer to this unnamed committee that we refer to, the undefined committee, and maybe this is one of the subjects. It is very difficult this morning to say—well, we have no appropriations in the budget for that, but we will have, if we agree to contribute to it, the western provinces, well, we have to agree on what we are going to do. So, maybe this subject should be one that should be referred to as soon as possible to this committee and try to have a recommendation, and there, of course, I will have to discuss with the federal Cabinet where we can find the money.

Mr. Lea: I have to agree with you that when we are talking about north-south routes, that we are talking about opening up the Northwest Territories and the Yukon Territories, this is going to be probably much more beneficial from a federal point of view than a provincial; so we would ask that the cost sharing would probably be a little more federal than it is provincial, when we start talking about north-south routes.

Mr. Marchand: Well, I think that we have succeeded, at least once, to get together, and maybe we can do it twice. Never know.

Premier Barrett: Before we leave this, Mr. Chairman, there is still the nagging problem of national labour

agreements to examine. But since this particular announcement relates to the upgrading of roads, so that we can facilitate the truck transport, so we have some uniformity in truck transport, there is still the nagging problem of national labour agreements, and those of us who have suffered through the elevator strike—and I am sure, Mr. Marchand, you are personally aware of the kind of problem this creates—we have the same situation in the trucking industry: national agreements. And I think that we do have to confront this very delicate problem by talking very frankly about the need to look at the possibility of the regional approaches.

Now, I would like my Minister of Commercial Transport, Mr. Strachan to explain our position on this, so that you will have an understanding how we feel about this labour problem.

Mr. Strachan: It is difficult to know just where to discuss this problem, because it does create provincial difficulties within British Columbia. It is related to trucking, it is related to highways, the use of the highways; and we find that, for instance, as I said yesterday, both the Canadian Pacific and the Canadian National Railways are large truckers. They are certified under the Canadian Labour Relations Board.

The workers in one province are not allowed to get separate certification. With the result that the workers in British Columbia, where the wage rates are generally higher, those workers employed by CP and CN get roughly a dollar per hour less. And it puts them in an unfortunate position, but there seems to be no way, under the present Canada Labour Relations Act that they can be provided separate certification.

The applying body has to have the routes right across the country, a majority of which is very very difficult. And I would ask you, with your background, to see what can be done to get the transport workers and the trucking industry in British Columbia can determine for themselves, related to the problems, what their wage rates should be. We think that it is unfair and that it is discriminatory.

Mr. Marchand: Well, I think to be fair to everybody, you know that we have not proclaimed, yet, the part 3 of the National Transportation Act because, well, the provinces don't agree between them. And, on this, we will ask for your real cooperation in order that we can at least proclaim that part of the Act, which is essential, from my point of view, if we want some rational and interprovincial transportation.

Now, this problem of certification under the Labour Relations Act is a very very difficult one. I cannot say that it cannot be handled, but it will need a lot of discussion, not only with government, but with labour and try to see what we can do. This is the same thing, the problem of rates in the trucking industry is really something which prevents the trucking industry of the—well, the interprovincial trucking of developing because, of course, of all the obstacles you meet when you cross one border because the conditions change.

The difficulties don't come necessarily from the provinces alone; it comes from our own legislation and we have

to look into that and see how we can find solutions without depriving labour of their rights.

Premier Barrett: Mr. Chairman, just one more moment, because Mr. Marchand is perhaps one of the most knowledgeable people in Canada about this kind of problem. The difficulty that we have in British Columbia is that the entrepreneurs in our province, that small businessman, or the indigenous trucking firm that must compete with the CP and CN is faced with the trade union organization in British Columbia, being able to organize and negotiate contracts on a regional basis; that is in terms of his own conduct of business in British Columbia. But the national agreements with CP and CN put those two giants at an advantage over our own indigenous businessman in British Columbia. And it's that kind of regional disparity that makes it difficult for us to foster the kind of secondary industry based regionally within British Columbia that we want to establish.

One of our major problems in British Columbia is to keep small communities together. We have such a high turnover of labour that the permanent jobs are really the pillars of the community. When we lose those permanent jobs because of this kind of competition and they can't compete on the wage scale because of this kind of national agreement, then we suffer, you know, especially in the north.

We are making a special appeal for you to consider our point of view and we honestly state how difficult this problem is. We are asking you to consider our point of view that regional contracts would be a more suitable way of dealing with this problem, perhaps, and I only throw this out for somebody to consider, perhaps if we had had regional contracts in the elevator situation, we might not have had the barrier that we had in construction right across the country.

Now, you know, I leave the problem with you.

Mr. Marchand: Well, as you know, it is a highly technical problem and probably one solution would be to introduce in your transportation legislation the concept of regional disparities.

Anyhow, we are going to look into it and do what we can.

Premier Barrett: All right. Thank you.

Mr. Peacock: Mr. Chairman, as a point of clarification, the hundred and fifty million dollars that you have announced, Mr. Marchand, I presume that is to be used just for the strengthening of the arterial highways? Is that right? The existing roads.

Mr. Marchand: East-west, yes.

Mr. Peacock: East-west, or north-south?

Mr. Marchand: East-west. I am told there are some north-south roads, too, that are included in there, so I don't have all of the details in mind.

So that is all right, Mr. Chairman, as far as this item is concerned?

Prime Minister Trudeau: Can we go on to the last sub-item "Air Transportation"? Mr. Peacock?

Mr. Peacock: Mr. Prime Minister, once again we have presented a paper today on this, but I would bring the Conference up-to-date in regard to what the four western provinces have been doing in this regard, and to identify some of our concerns.

One of them, of course, is in the bilaterals and we are very conscious that there has been no marked agreement with the United States in bilaterals in the last four years. But further than that, our concern in the West, of course, is the participation in regard to those bilaterals. We feel that a mechanism should be developed, in conjunction with the federal government, where the West would have an input into these bilaterals, possibly even to the extent of being an observer or a representative observer at the bilateral meetings.

We have, also, expressed in the areas of, that you have mentioned yesterday, in regard to the regional carriers, third level carriers, great concern there and the intra provincial programs that we have in the West, because we feel that this mode is very necessary in order to carry on the communication and the development of our respective provinces. This particular mode is very very essential and playing a more important part each and every day. So one again we would look at having more participation and some mechanism for consultation in regard to this particular area.

That also brings in another program that we would ask you to consider and possibly review. Your capital cost sharing program with the provinces in regard to air strips and air dromes or airports. Once again, in the West, this is a very essential area of development for both industry and for passenger development.

We would also suggest that the inadequacies in regard to domestic fares might be looked at in regard to maybe mile-on-distance analysis and possibly the international fares and I appreciate you are into a problem here on international rates, but we feel, once again, a degree of alienation certainly in the Prairie Provinces in having to identify the domestic rates, plus the foreign destination to Montreal or Vancouver, so I have identified our concerns and I don't know whether my colleagues would like to add any further comments.

Premier Blakeney: I would like to just speak very briefly. We, in Saskatchewan, feel that we are not particularly well served by our national airline. We have one national airline only. We have only one Trans Canada service and would like the support of Canada for a second Trans Canada service via a second airline. There are applications now in and I understand by Trans-Air. We are easy on whether it would be Trans-Air or CP Air or whichever, but we would like to think that we have a second service. We don't have any regional carriers, so we are not burdened or blessed with that service. We have a third level carrier service which is relatively inadequate and would like to pursue with the Government of Canada at the appropriate time, and I suggest that this is perhaps not it, the improvement in the north-south service in Saskatchewan. Particular points I would like to make is the need for better airport facilities in Regina, which are now under

improvement, and in Saskatoon which I understand are in the works and I sincerely hope they are.

To add a chilling note, it seems to me that I travel from Regina to Ottawa and those are about the only two cities, outside of Saskatoon, that don't have covered access to get into the aircraft. I go to Vancouver when it is fifty above, and they have a nice covered access and when I get down to Regina and it is twenty below, I am out on the tarmac. When I get down to Ottawa, the situation is not much different. So I wonder, as I say, if that minor matter might be part on the agenda.

A major point that I do want to raise is the matter of service into northern Saskatchewan. Airfields, navigational aids, perhaps this whole area would be better discussed under the Western Northlands heading, but it is a serious problem in maintaining appropriate levels of service into areas like La Ronge, Uranium City, and the new uranium mine at Rapid Lake. All of these are very ill-served and our principal needs here are navigational aids and airports.

We would be happy to participate to the extent that is appropriate for a provincial government, but certainly governments, and I include both of our governments, will have to act and act very decisively and act fairly soon to improve the level of service. And I invite your cooperation in tackling this problem. I think there are already some discussions underway. I solicit your support in speeding up these discussions.

Premier Schreyer: Mr. Chairman, I had no complaints with respect to the question of Canada's main line east-west domestic air service, but I do think that there is need for better consultation liaison, some involvement by the provinces in air transport policy, with respect to bilateral north-south agreements with U.S. carriers.

I can't help but feel that over the past several years, quite a number of years, that the attitude of provincial governments, their assessment of the need with respect to north-south air service is not really taken into serious account by those negotiating for Canada on the bilaterals.

Now, Mr. Evans, the Minister of Industry and Commerce can elaborate on this problem, somewhat. The fact remains that we have been trying for many years to impress on the federal authorities that when negotiating bilaterals, north-south, that the requirement or need of the city of Winnipeg, southward to Minneapolis, Milwaukee, Chicago, wherever, be taken as a matter of priority by our federal negotiators, but I don't feel it ever has been.

Then too, the other area of difficulty or problem in so far as air transport policy is concerned, relates to something which has been raised by Alberta and Saskatchewan and that is the responsibility of the Government of Canada with respect to bringing basic transportation access to those many remote and isolated communities that exist in the western northlands. It so happens that a large portion of the population of those communities are of native descent many of them of treaty status. And over the years nothing and I mean literally nothing, has been done in respect of improving basic transportation access.

As a result of this, the provinces have begun to build roads of a pioneer standard, very primitive roads. At least they are roads, but entirely at provincial expense, even though these roads are serving communities, the majority of the population of which are of treaty status.

The same applies to air access. In the case of Manitoba in the last two years we have built some 32 air landing strips, a total budget of about \$5 to \$6 million of construction. It would be, I think, altogether logical of the federal Department of Transport would evolve a policy which would be quite clear to the extent to which they are prepared to cost-share. Up until this point in time we have had to go ahead and then hope we would negotiate after the fact some basis of cost-sharing, and that is just not a desirable way of proceeding. So we would like to have some clarification as to future federal intent with respect to bringing some semblance of basic transportation access to these communities. But that, too, I assume we can discuss under Western Northlands, but I serve notice of that now.

If I may, Mr. Chairman, I would like to ask Mr. Evans to elaborate just a little with respect to the problem of bilateral negotiations.

Mr. Leonard Evans (Minister of Industry and Commerce, Manitoba): Thank you Mr. Premier. We in Manitoba fully support the position put forward by Mr. Peacock of Alberta. We feel that the bilateral negotiations which are conducted between the federal Government of Canada and the United States, for example, are oriented very much towards the needs of carriers, the commercial carriers.

We feel that the social and economic needs of the regions of the provinces should be taken into consideration much more fully than they have in the past. We are not suggesting that they have been ignored completely but that there is a greater need for involvement by the provinces. Therefore, in order to provide for this social and economic concern, to have that as an input, and we fully believe we discussed that at some length among the four western ministers concerned with transportation. We fully believe that the provinces must be involved in a very meaningful way in the bilateral negotiations, and this would include access to data. It would also include the availability of staff to the provinces making them available to federal staff, not merely taking the role of observers but to participate in a very meaningful way, feeding information into the Canadian Government, so that we could have other considerations.

The Premier, Mr. Schreyer, mentioned Winnipeg-Minneapolis. I believe a year or so ago we had a strike of the only air line in servicing Winnipeg-Twin Cities which is the nearest large American city to Winnipeg. It affected our tourist industry very badly. We feel the federal government has not given the Winnipeg-Twin Cities route sufficient consideration. We feel there should be a Canadian carrier allowed to service that area connecting Winnipeg. We feel that therefore if any other examples affecting Alberta, I know in Saskatchewan, and we feel that if the provinces do have this opportunity that we could make a contribution to the federal position.

Further, Mr. Chairman, in the area of air policy generally, we feel there should be an opportunity for the provinces to make a greater input other than sending the odd letter to the minister, or a wire or telephone call. Possibly this could be done through the mechanisms of the interprovincial federal committee of transportation ministers and their staffs to make a meaningful contribution to air policy formulation in Canada.

Prime Minister Trudeau: Mr. Marchand.

Mr. Marchand: Well there are two or three points, probably three. The first is the participation of the provinces in the bilateral negotiations. You know there is a basic principle and you will understand that. The country is negotiating, say, with the United States so we have to have one voice not many. I think that—well I don't want to refer to any particular fight that we had in the past, but I think that we are not going to start today what we refused to do in certain other fields. And you will understand if we meet with the United States to negotiate for routes that it would be difficult to have what Mr. Evans asked for, to say not only an observer, but to have real participation of the provinces. Because at that time maybe Mr. Lougheed's representative will say, what we want is a route between Edmonton and Dallas, or Houston if you prefer, and probably Mr. Schreyer would prefer to have Winnipeg to Chicago and New York.

Anyhow, I don't think it can be done this way. If we accept that I don't see how we can really negotiate with the United States. But on the other hand, I accept that the contributions of the provinces have not been enough, and probably we haven't asked for it.

So before we enter into any negotiations particularly with the United States at the moment, we should have a real consultation with all those concerned so that we know exactly what their needs are, and after that make our assessment. This is negotiation. At the moment we ask for something and they ask for something and you never know at the start what the results will be, but I think that we should know, we should not be alone—the federal government to decide what the needs are. But I think that the provinces should have a contribution. So that means that probably we should meet before any renewal of bilateral negotiations mainly with the United States. The others I think are less important and I think this can be discussed by some other ways and each province will tell us exactly what are the routes they are interested in and for what reasons, so that we have the argument. You know, it is not even negotiated by Transport. It is negotiated by External Affairs. Our own representative is only there as a technical adviser. Because of this principle that in external affairs we have one voice and it is External Affairs which leads the show. So it's not a refusal. I think I know what you want and you are right in asking for it. And the negotiations which are going on right now I think take into account some of the demands that were made by provinces. I know that the Province of Alberta is interested in being related to the southern United States for obvious reasons. On this we are working. And I know that Winnipeg would like to be related say to Chicago and maybe some other places in the central

United States. We take this into account and we hope that we are going to have a fair settlement with the United States. Negotiations are not easy. They are never easy particularly with the United States, because I think that they consider Canada as their own domestic market and they are used to that, and of course we are doing the best we can.

On that subject, say that we agree with the provincial contribution but this will be done before the team leaves for negotiations, and there we will have only one voice and if we don't take into account enough the interest of the province of course at that time you can say publicly, well, we didn't do the job properly, and this is the recourse.

Now, on the regional needs, we have made a few experiments which proved to be good. One with Ontario. We asked Air Canada to meet with the Ontario Government so that the Ontario Government would say to Air Canada what they really want and actually they solved many of the problems they had in Ontario.

We asked Air Canada to do the same thing with the Maritimes and they are solving many of the problems. Now I think here in the West we may ask CP and Air Canada, because you are interested in both, to do the same, to meet with you, with the help of the ministry if you want, so that we meet those needs that you have regionally and that the profit motive is not the only one, that we have population particularly in the north which has to be served.

Now, should they be served by Air Canada, CP or regional carriers, or third level carriers, well this has to be discussed and there the committee can come in and we can discuss this at the federal-provincial level to know what kind of services we are going to give, say to the north, where they have no means of travelling from where they live to the south.

So we will have a meeting with the provinces with CP and Air Canada, or Air Canada and CP where they are not both together, and try to find some regional solution to regional problems, and after that with our committee we can try to solve the other problems of the third-level carriers.

I think if you agree with this, we can ask Air Canada and CP to meet with you and say what is your problem and if you are not satisfied what we are going to do is take back the problem and see how we can convince those companies to serve Canada the way we think it should be served.

Premier Schreyer: I wouldn't want to argue with much of what Mr. Marchand has said. I would like to make it clear at the outset when it comes to matters of foreign affairs, international negotiations, of course we can speak with only one voice, namely that of the Government of Canada. And I hope I didn't give the impression otherwise because, as was said yesterday, we are Canadians first and Manitobans second. That is very clear.

But we would like to think that when we look at the present arrangement of bilateral agreements that it would not be very long before we get some basic improvements and basic redress, because at the present time I understand

that four U.S. carriers operate into Canada and only two Canadian carriers operate into the United States. One I think is the Vancouver-Victoria-Seattle run, and the other one is somewhere in Ontario southward, and we have been waiting many long years for a twinning of the present service north-south to Winnipeg.

North West Orient operates from Minneapolis to Winnipeg and how long will it be before the Canadian Department of Transport, our negotiating team in other words, gives a high enough priority to a twinning of the north-south service from Winnipeg?

As I said, Minneapolis, Milwaukee, Denver, it doesn't matter, so that we can have some reciprocity. You say that you will arrange for Air Canada and CP to meet with the provinces. That I think might be helpful although the history of the past decade insofar as Air Canada is concerned, leads us to think that whatever successive Manitoba governments have ever suggested to Air Canada, exactly the opposite is what Air Canada ends up doing. So we are not too optimistic in that respect. Nevertheless, we look forward to further improvements.

Mr. Marchand: Things may change in Manitoba. I notice that things have changed.

Premier Lougheed: Just a final brief comment to the minister. I am sure he is aware that as far as Alberta is concerned, extremely important to us is the question of bilateral agreements on air transportation, because of the very dramatic changes that are occurring in our two metropolitan areas.

We just want to re-emphasize at the close of this discussion, that importance that we place on these bilateral arrangements in our cities because the circumstances change in terms of the needs of Calgary and Edmonton relative to the north and to Alaska. Those things change very quickly because of the petroleum industry in particular.

I don't want to conclude by that, that there has been any suggestion at all by Alberta that we are looking forward to your entering into bilateral agreements with the Arab states.

Mr. Marchand: Well, I mentioned, Mr. Lougheed, Air Canada and CP Air, but there is PWA too. There is Trans Air and you have many regional carriers that do go into the United States. And on all of this we can work out some arrangement so that we can meet your needs.

Mr. Evans: Mr. Chairman, I just wanted to take the opportunity to state that Manitoba backs Saskatchewan's position in the request for handling north-south service in the Province of Saskatchewan, and connecting it with other eastern points.

I think that is a prime need in the Province of Saskatchewan and we in Manitoba understand their problem and we want to go on the record. I know this may be a matter that might be brought before the Canadian Transport Commission by certain carriers in the near future and you may wish to tell us that this will be decided by that body in due course. But as the Minister of Transport

responsible, we would like to go on record for you to know the Province of Manitoba does support the Province of Saskatchewan in this respect.

Premier Blakeney: To get a better understanding of that expression of altruism, the proposal being now considered not only serves the Province of Saskatchewan but will also serve the city of Brandon. But we are with you all the way.

Mr. Peacock: I just wanted to comment to Mr. Marchand before we conclude this subject, and that was the comment I made in regard to intra-services and the licencing of same. And that is a very important area as far as we are concerned in regard to the future development of the provincial air services.

Mr. Marchand: I think that the general answer I can give to that, outside of the bilaterals and regional carriers, is that if we can make good use of this committee, and if it is really working, I think we can solve, probably not all of the problems, but many of these problems that are not solved just because we don't meet and we don't discuss, and because we don't have the appropriate structure for discussion. So I hope that we can set up this committee.

I hope that we are going to take back, Mr. Chairman, this meeting we missed at the beginning of June, of the Ministers of Transport. And there were good reasons for that. I am not throwing the blame at anybody. I think it was more important to have this meeting first and after that I hope that we are going to meet and set up this committee and define the terms of reference and all this, and look at the future, and start working as soon as we can. I am sure in the field of transportation we can solve many, many of the problems that exist now.

Prime Minister Trudeau: Well, that completes the six sub-items but I have agreed, as Chairman, to the suggestion that we come back to the general subject of national transportation policy, which would permit each delegation to either clarify some of the arguments made at the outset yesterday, or sum up their position, and we would see what measure of agreement we can reach on this total subject.

Would you like to lead off, Premier Lougheed?

Premier Lougheed: Fine, Mr. Chairman. Perhaps the easiest way to start would be to concentrate on all those areas where we sense we've made some progress, and then we could outline some of the concerns we have.

Prime Minister Trudeau: Excuse me, are you proposing we sum up the whole topic, or do you want to deal with the particular problem of the National Transportation Act?

Premier Lougheed: I could do it either way. I'll deal with the particular question of the National Transportation Act.

Prime Minister Trudeau: We can do that and we will try to make some summary. I may have a few notes to put to you.

Premier Lougheed: Mr. Chairman, with regard to the first proposal by the four western Premiers in their Trans-

portation position paper, it has to do with Section 3 of the National Transportation Act being restated to clearly place regional economic development as one of the basic objectives of the national transportation policy.

We have had an extensive debate on that matter which, of course, being part of transportation, and the first item on the agenda was of concern to all governments. Considering the matter overnight, my fellow Premiers have asked me to make a statement concerning our position on transportation specifically with regard to our first proposal, and the one I have just outlined.

In our judgment, the greatest single impediment standing in the way of the development of Western Canada's full potential is transportation freight rates which discriminate against the West. That discrimination is occurring at present under the National Transportation Act in our view, and we seek a change in that Act to remove discrimination against the West. We believe the federal government agrees with us that freight rate discrimination against the West should be removed. We believe we have received an undertaking from the federal government to do that.

We think the positive way to record that undertaking is to change the statement of policy in Section 3 of the present National Transportation Act, which has proved to be ineffective, and to insert a positive commitment to promote balanced regional development.

If the federal government feels that this commitment should be qualified to provide that there be no positive discrimination in favour of any region in regard to transportation, we would have no objection. Indeed there may be positive benefits to this, since in our judgment the Act, as it now operates, provides positive discrimination in favour of some areas of Canada, for example those served by the St. Lawrence Seaway.

Prime Minister Trudeau: Any further comments on that, or I take it that's the policy statement?

Premier Blakeney: I endorse that statement.

Prime Minister Trudeau: Mr. Marchand?

Mr. Marchand: Well, on this I think we are not to make the same debate. I think we agreed on the objective. The only thing we don't believe at this stage, what we have trying to do, is just to meet what have been the well-founded complaints of the West concerning discrimination in the field of freight rates.

Now, if you relate that to the Transportation Act, we are not convinced, and this is of course a matter of interpretation. But we agree definitely on the procedure, and Mr. Peacock just proposed a new concept in the field of transportation that we accepted to look into and study with the other provinces and yourself.

Now, before we amend this National Transportation Act, and we feel we can correct the discrimination that you referred to, even with the Act as it is. But if in trying to do that we see that the Act does not allow us to correct that and it's going to perpetrate the situation we want to correct, of course, in looking into Mr. Peacock's paper we may decide to revamp the whole Act. It is not

an objection in principle; it is just, do you think that because of the National Transportation Act that we have those discriminations, or those differences? We don't think so.

So let's discuss and see, and if we don't succeed you will be right, and that means that we will have to find some other ways and means to achieve this goal.

Prime Minister Trudeau: Mr. Jamieson?

Mr. Jamieson: Prime Minister and Premiers. On the subject, the first part as I read it, or heard it, of Premier Lougheed's statement, I suppose is repeated at least a dozen times in various regional papers prepared by my Department and distributed to all the provinces, which I think makes it emphatically clear that we accept the principle that transportation is an integral part of the regional development policy, and that there are many major developmental opportunities which simply will not succeed unless the question of transportation is resolved.

So that on that fundamental premise, I don't think there is any disagreement at all. What I do feel is that, over the next few months, as we negotiate, as we are now doing with each of your governments, and indeed all ten governments in Canada, general development agreements, we will discover, as is already emerging, the fact there may be in individual and specific cases the necessity to apply transportation policies in quite different ways in order to accommodate a particular situation.

By way of support for that comment, let me point to the fact that the Atlantic Premiers, with whom we have met within the last two months, have, I believe, come to the conclusion that a more selective approach to the question of transportation assistance may very well be the most desirable one in specific instances.

I don't want to take the time of the Conference to talk about the MFRA Act, but it has clearly shown a lot of anomalies, and there are a lot of things now that Eastern Canada recognizes is not the appropriate solution.

Just to add to that, there is the question, for instance, as to whether or not a subsidization of freight rates to the carriers is a logical way of doing it. In some instances it may be, but there are cases where direct assistance to industry, or perhaps to the province, with regard to road construction or something of this nature, makes for a more sensible answer.

I would also, in conclusion, like to add one other thing. I think that in this discussion and quite naturally, we have all tended to use the historical terminology having to do with freight rates, and of course, that is the main, in a sense, bugbear. But if you read the papers that we have produced within the Department of Regional Economic Expansion, you will see, I think, that much more than that is actually involved in Western Canada, where you have, for instance, a domestic market, now of some six million people, and where the transportation complex, the network of our transportation services is quite inadequate because it was developed for an entirely different purpose, primarily for export purposes and the like. So that freight rates, of themselves, while it is terribly important that these be neutralized in terms of their negative effects on the devel-

opment of particularly secondary manufacturing and processing in the West, there are many other elements, many other dimensions to this particular problem.

What I would like to suggest is, I find no quarrel at all, and I don't think Mr. Marchand does—he has already said so—with the fundamental statements that transportation has to be an integral component of regional development. What I would like to do is, in our ongoing talks which I have already started, and I think we have something like 14 or 15 teams at work in Western Canada now with the various provincial governments here, and they are trying to identify major development objectives, which I hope we will be talking about later on in the day. I believe we will be much clearer as we move along in those discussions, as to exactly how the transportation policy should be evolved in order to meet those commitments. And if, as Mr. Marchand has said, it comes down to a clear declaration of principle, then I don't think there would be any strong objection to it. But I think we may find, in the process of going through these exercises, which are tremendously important, that you, with us, would in fact find a better way in which to deal with this, rather than simply to make it a kind of all-embracing declaration.

Prime Minister Trudeau: Premier Lougheed?

Premier Lougheed: Well, Mr. Chairman, I would respond to the two Ministers in this way, first with regard to Mr. Jamieson. There are some of us who have some considerable concern about the nature of the artificial measures that can emanate from DREE in terms of competitive situations. And I know that the Minister is conscious of that basic weakness, and that is why we feel that a basic change in terms of transportation policy that affects the nature of the transportation system, and that the system itself is used as a service to promote industry, is, frankly, a better way to do it. It reduces some possible, and we think quite probable situations where you can get some distortions in a competitive situation.

With regard to Mr. Marchand's comment, I suppose rather than protracting the argument, all I can say is, I have never seen such an endorsement of our principle and not be prepared to go into the commitment that we have asked for.

Prime Minister Trudeau: If I could intervene on this, and repeat an argument I used yesterday, we can endorse the principle, as Mr. Marchand did, and not want to put it in Section 3 of the National Transportation Act as you suggest, for a very obvious reason. We think that the Act should be neutral and it should be applied neutrally to all of Canada.

This meets your first requirement that freight rates which discriminate against the West be removed by operation of the CTC. But when you suggest a change in Section 3 to insert positive commitment to ensure balanced regional development, what you are really doing is giving authority to the Canadian Transportation Commission to make policy judgments on what kind of rates they should be applying in order to help the part of Canada which, in their judgment, is unbalanced in its development.

Our answer is, indeed we too want to ensure balance of government, but we think that this should be a political judgment. It should be a judgment on which the elected governments are judged, not something made by an impartial body against which the normal recourses are not open. And that is why we suggest that we will aim for the principle that you are requesting and with which we agree, through the means that Mr. Jamieson has just indicated.

So I think we have to remind ourselves that the National Transportation Act, as Mr. Marchand reminded us yesterday, was the result of an all party agreement in the House of Commons. It flowed from a Royal Commission set up by Mr. Diefenbaker, which was chaired by a prominent Westerner, and which took many years of study, and which reached this position that I know is also the position of some of the provinces pleading in the rapeseed case. They made the specific argument that the Act should be neutral and not discriminate against.

So there is complete agreement on removing the discriminatory rates. Where the disagreement lies is what I call a technicality, whether we apply the principle of promoting balanced growth, whether we apply it through the Act and therefore have the CTC make policy judgments, or whether we apply it through political decisions of elected governments.

Premier Blakeney: May I ask you one question? We have seen that Act operate for six years. In your judgment, has it operated in a neutral way as between regions?

Prime Minister Trudeau: We made the statement ourselves yesterday that there were obviously some cases which had to be reviewed, where we felt that there was discriminatory operation of the Act, and where we requested the CTC to study those specific instances, to report to us and give us the figures so that we could make our own judgment. And if we find that there is discrimination, even though they may not, we will then be able, as Mr. Marchand said, to amend the Act if it is necessary. But we don't believe that that is the case.

Premier Blakeney: I will ask you another question, then. In your judgment, has the principle set out in the Act of rate setting by competition, during the last six years, operated in a neutral way?

Mr. Marchand: On this item, I mentioned yesterday, you refer always to the competition or the price that the consumer can bear. Well, there are so many things in this Act. You know, the problems of freight rates—you are talking, Mr. Lougheed, of the St. Lawrence Seaway—and I think that we come to the figures, you will see that it profits as much to the West as it profits to the other parts of Canada.

Now, if you talk about how the freight rates are determined in Canada, they are determined by several ways. You know, you have the Crow's Nest, I told you; you have the Branch Lines; you have the MFRA in the Maritimes; it is a national policy, but which is adapted, and I think that you will not be ready to say, well, let us forget about the Crow's Nest Pass. You will not. And if you want a national policy—this is an exception—how

come that you set this rate and not the other? Because, well, this is a special case that can be explained and that Canadians have to understand.

Why do we have the Maritimes freight rates Act? It is, because, of course, we try to solve some problems there. Why do we want to keep some branch lines, which probably, from an economic point of view, should not be there? Because transport is not only an economic problem; it is a social problem too. So, when you say that all the rates are established by competition, I tell you: no.

Premier Blakeney: No, but the great bulk of rates, except for those which are specifically statutory rates, like Maritime freight rates assistance, or Crow's Nest, are set on the basis of either carrier competition, or market competition. And I think that there is no use kidding the troops, I think that these are the facts. And in our judgment, that method of competition, as opposed to a method, a utility method of cost based rates has, over six years, and we believe we can prove it, discriminated against Western Canada. And I take it you don't accept this view. You accept the view that there might be individual instances where it has, but you don't accept the overall proposition, as a particular—

Mr. Marchand: Mr. Blakeney, excuse me, but you have never proven that the overall policy was wrong. You have proven that you had many iniquities in the system. This you have proven, I think. The rest, I am not sure that you have proven; and we will find an opportunity, and try to see, and maybe—you know, when we touch to the freight rates—and on this, I think that you are honest, and I was quite impressed by the work you have all done in this field, which is very important—but I tell you that when we decide to change that, we have to be very very careful on the impact on Western Canada, not only on Eastern, on the other parts of the country too, because, of course, we have a country, and we have to see the overall impact of the change. But if you change rates, what will be the impact on Western Canada? And you will see that some of the things that seem very apparent,—because you don't have all the facts, and you complain about that.

Premier Blakeney: That's right.

Mr. Marchand: So, we found—and this is a solution we have found. You are going to have all the facts, and you will see that sometimes, it will be preferable not to change the rates.

Premier Blakeney: Right.

Mr. Marchand: Before you pass a judgment on the overall application or implementation of the Act, I think that it would be wiser, from my point of view, to wait until you have all this information you have asked for, because sometimes, you have the impression that you are fighting in the dark, and rightly so. So, let us wait, and when you have that, and when we have all the same facts before us, there, let us exercise our judgment, and maybe we will agree. Now, I think it is too soon, and I think that if we take too fast a decision on those very sensitive things,

we may harm more the West than help it. So, this is why we think that we should not push too hard in that field, at this moment.

Premier Schreyer: Well, Mr. Chairman, I don't think that anyone is expecting any definitive indication of position from Mr. Marchand and the Government of Canada right here and now. All we are asking is that you give a clear undertaking to carry forward a detailed impact study on the essential points which Premier Lougheed and the rest of us have been trying to make yesterday and today, namely that when you talk about the present Act being neutral in its intent, and being neutrally applied, that in fact, it is impossible to make that kind of statement because one of the essential features of the present Act relates to rate setting based on competitive pricing, and that very principle itself results in discrimination in favour of those parts of Canada that have a more fully developed intermodal competition. And that's the whole guts of the problem. That's all we are saying. So we want the Department to carry out detailed impact studies to either prove or disprove the contention that we are making.

Mr. Marchand: On this, we agree entirely.

Premier Schreyer: If I may, Mr. Chairman, Mr. Jamieson has made the point that in our quest for a more balanced regional development, we should put our trust in the Department of Regional Economic Expansion and the whole set of programs that it applies. Well, we are not cynics around this table, at least I hope we are not. We really believe that the federal government is intending in good faith to reduce regional disparities by means of DREE and its programs. But we say that the way it works now, DREE has to move very quickly in order to stay even, because the application of our Transportation Act, and the application of the Department of Industry, Trade and Commerce programs in Ottawa, both those major programs or policies, transportation and industry, trade and commerce, and their multiplicity of grants and programs in aid of industry result in a heavy bias in favour of central Canadian industry. There can be no question about that.

So, all DREE can do is try to offset some of this over-concentration of factors in favour of central Canadian industry caused by our transportation policy, and by PAIT and—what are some other programs—all of the many programs offered by Industry, Trade and Commerce.

I believe I stated yesterday that over 90% of the monies available for industrial research and development go into industries located in the golden triangle, in the St. Lawrence Low Lands.

So DREE has got a tremendous challenge just to stay even, in terms of regional disparity.

Prime Minister Trudeau: I think we will have an occasion to develop this theme on industrial policies, later on. We have some points for you to put on that, but I wouldn't suggest that it be done now.

Premier Schreyer: Right.

Prime Minister Trudeau: Mr. Lang, have you a comment?

Mr. Lang: Well, I just wanted to observe that really to come back to some discussion yesterday about the doubt that we do have about the Act in one particular area of competition being an adequate control, and where an examination, for instance, of better maximum rates system than simply using the captive shipper provisions is something we will be investigating. For the rest, we think the Act can be used a lot more effectively, and that's what we are trying to do to try to eliminate discrimination. And if it can't, we will do some other changes.

Premier Blakeney: I hope we can regard that as a commitment to use the Act more fully. One doesn't want to be unkind, but section 54, I think, has not been used at all.

Mr. Marchand: We use it.

Premier Blakeney: Not for six years has the Government of Canada felt that they should instruct council to defend the public interest.

Prime Minister Trudeau: We have stated yesterday exactly that we would be doing that using that section.

Premier Blakeney: Not even in such a thing as the rapeseed case which we would have thought was a pretty obvious case.

Prime Minister Trudeau: We didn't underestimate your ability to make your own pleadings, Mr. Blakeney.

Mr. Marchand: I just want to come back to what Mr. Lougheed was saying about the St. Lawrence Seaway. You may check the facts I am going to give you, but it might be important for you to have them.

How is the St. Lawrence Seaway used? 40% for the carriage of western grain and other western products; 40% for the movement of iron ore, a part of which is beneficial to the west part of Canada; and 20% for the rest. These are the figures. So when you say: well, they have their mode of transportation, which is cheap, and you don't benefit, here in the West. Well, probably the West is the one that benefits the most by the St. Lawrence Seaway.

Premier Blakeney: We are impressed with that iron ore one, and we would like to think that when iron ore moves into Western Canada, hopefully to feed a steel mill at Regina, there would be a rate which would be commensurate with the iron ore running through the St. Lawrence Seaway.

Mr. Jamieson: But you wouldn't want also at the same time a nice neutral subsidized rate from Ontario for finished steel coming West.

Premier Blakeney: We would be perfectly happy. I have a quarrel with steel rates from Regina to Vancouver, as opposed to Hamilton to Vancouver.

Mr. Jamieson: Right.

Premier Lougheed: Very briefly, on the point of responding to Mr. Marchand: I am interested that you didn't mention coal from Alberta to Ontario. I gather

here is a growing interest in that province with regard to that matter.

You have thrown out the question of cost. That's a fair response on your part, and you can be assured that we intend to look at the cost undertaking that you have taken today, made yesterday, and follow up on it.

The only final comment I would like to make on this matter, Mr. Prime Minister, is to attempt—and I think we feel pretty strongly about this—to in any way change my impression that was created, in terms of our, by his particular amendment, asking for some special privilege for the West. As Premier Blakeney has put it, we feel that after six years, with a Transportation Act that has been based on competition, and where that competition is essentially stronger in a very significant way in central Canada, that in those parts of Canada, particularly in the western provinces where that competition has not existed, we feel we have been discriminated against by the nature of the Act.

We are not asking for a special favour for us. We think the Act has a bias today towards central Canada, and our request for the change in the amendment was to make it equal.

Mr. Marchand: Yes, well, I know many Westerners, you know, who think that this Act serves the West very well in one aspect. They don't like to defend the discrimination; but very serious people—and even intellectuals from the University of Alberta, and I hope you have seen the paper which is very well done, and which does not support the position you are taking on the Act, and they see all the complexity. I think that the real problem is that we don't deal with the same facts at the same time, and this is unjust probably for you, and maybe it is unjust for us too. So, I think that the step we have proposed, the procedure is a rational one, and when we move, we have to be sure that we don't create more harm than we create benefit to the West. And on this, we have the same interest as you have.

Premier Blakeney: Mr. Prime Minister, I can sense your view that we are getting behind on our agenda; so may I just ask a couple of questions?

Given that you are not going to accept our position, which I regret, but that's clearly the nature of the—

Prime Minister Trudeau: Our position on amending the Act?

Premier Blakeney: At this time, right.

Could you give us some indication of the time frame in which you thought we were operating, with respect to getting the information we need; and the time frame you thought we were operating in with respect to the rate review by the CTC?

Obviously, one is not looking for something measured in weeks; but I would like something measured in months, if we could.

Mr. Marchand: Well, I think I answered yesterday that it is impossible for us to give you exactly the time. I wouldn't tell you it will be four weeks or two months.

Let us say: what we are ready to commit ourselves to is to do all what is in our power to have a decision as rapidly as possible. And I think that you have in your hand now this document I was referring to yesterday, from the CTC, which is establishing a new procedure which will be much more rapid than the old one. And, of course, this is quite a relatively new Act, and probably, that the Board was not aware of all the problems that were created. And now, they are modifying it.

So, how long will it take? I cannot tell you. But I will tell you that it will be shorter. And I remember now, I was answering to you yesterday when I saw that, but I can't be more precise than I was yesterday, I am not more intelligent than I was yesterday.

Premier Blakeney: I don't want to quarrel with you, but our analysis of the short form procedure appears to us to depend upon the willingness of all parties to accept the applicant's written material, at the *prima facie* stage. In short, it appears to us that it will not be speeded up unless the railway companies are willing to accept the applicant's statement of the problem. And since that seems reasonably unlikely, if the applicants are looking for lower rates, I am not sure that the new procedure, as we perceive it, will in fact speed things up.

Perhaps this is too technical a point to raise.

Mr. Marchand: It is very technical, and I think that on some things, you will have to take our word that we are going to push people around so that those things are decided as soon as they can be decided.

Premier Blakeney: We will make a note of that.

Premier Barrett: I must go back to the statement by the Prime Minister that of course, essentially some of these decisions are political, because of the regional complications. But in accepting that theory, then I think it is only fair that we have some kind of dead-line in terms of deeds. If we accept the concept that there is to be the political application of decision making, then I think it is only fair that the Prairie Provinces be given a timetable.

Prime Minister Trudeau: And they are very uncertain.

Premier Barrett: I know. That's why I am suggesting that there be a timetable on these problems, because as you see, the political timetables are totally uncertain.

Prime Minister Trudeau: Not for us—for you.

Premier Barrett: And we all enjoy the anxiety around those political timetables. But I would not suggest that anyone has been politically motivated at this meeting.

But, to avoid that suspicion, would it not be best for us to leave this meeting with a timetable, so that political actions, whatever they may be, within a short future, or a long future, will not be a factor in the agreements we reach here?

And I think it would make us all feel more comfortable if we had, say, six months, three months, or some figure.

Mr. Marchand: There is something, Mr. Barrett. The 28 rates I referred to in my letter, this is already before the Commission, at our request.

Premier Barrett: I appreciate that.

Mr. Marchand: So now, how fast can the Commission proceed under the new procedure? Unfortunately, I cannot tell you, and I am not going to take the chance of misleading you, one way or another.

Prime Minister Trudeau: Can we not leave to the last item of the agenda, to the closing remarks the question of follow-up political and otherwise you may want to test our commitments at some time. You may want to meet again. You might want to have the committee Mr. Marchand wants to set up, to meet periodically, to report to the Premiers.

We have stated as much as we could, as regards timing. I think you will have to take our word for it that we are determined to get action in this field, and if, in a period of months, there is not sufficient action, you may want to meet in this committee of Ministers.

Premier Barrett: Well, that's what this Conference was to avoid. It was my impression that we wouldn't have a conference so we could set up more committees for more meetings. I find most of my time now as Premier is spent in committees, meeting on committees, to deal with committees that haven't met to finish the committee report.

Prime Minister Trudeau: Surely, you didn't expect us to come here with a CTC report on these 27 items which were submitted to them?

Premier Barrett: No, no.

Prime Minister Trudeau: So, if you want a further occasion to look at that work, surely you will have to set up some kind of committee, unless you want to do it alone.

Premier Barrett: I'm not suggesting that at all I have been listening very patiently this morning. What I am suggesting is that I would feel far more secure about the value of spending this time here, if there was, in my opinion, a more appropriate response to Mr. Blakeney's request for a time frame. It is just as simple as that.

Mr. Marchand responds by saying he is going to kick some people around.

Mr. Marchand: Did I use: "kick around"?

Premier Barrett: Yes, you did.

Mr. Marchand: I said I will push.

Premier Barrett: O.K.

Mr. Marchand: It is a peculiar expression.

Premier Barrett: Well, I am trying to learn French.

The point I am trying to make is that I would feel far happier, and I think the people who have so many expectations out of this meeting would feel more comfortable if we could have a time frame. And that's the only point that I am making.

Mr. Marchand: Well, unfortunately, at this moment,— I can discuss before the end of the Conference, with a certain number of people, and see if it is possible to indicate a time limit, and I will tell you before the Session is over.

Prime Minister Trudeau: Then, I think we should leave this item now, and attempt to sum up a bit. We will have further occasions to return to the subject of transportation, particularly when Mr. Jamieson presents his paper. But there is obvious agreement amongst us that transportation is the number one priority item, and that action must be taken urgently on it. If I can run briefly through the six sub-items, six-headings, and indicate, I believe, the measure of agreement we have reached.

On the general subject of national transportation policy, and the changes in it, we certainly agree to several basic principles and policies. First, that the West requires a broader range of employment opportunities, and a greater stability of income that more secondary manufacturing can provide, and the transportation costs are the key to this. That's a basic principle on which there is certainly agreement.

Then, the second one which was referred to again by Premier Lougheed this morning, that freight rates should not impose any discrimination against any region, in its industrial or economic development, and that any rates that do so must be identified and changed. This is agreed.

Third, that measures to affect the cost of transportation can be important weapons in regional economic development, and should be so used in appropriate cases. There is complete agreement on the principle. We stated that yesterday, and we agreed to Premier Lougheed again this morning, that these costs of transportation can be important weapons in regional economic development. We did differ on how and where the decisions on this should be taken. The provinces, principally through the Premier of Alberta, think that it should be an amendment in section 3. We object to this because we think that that would be giving the CTC power of making political decisions. But we do agree on the principle, and we said that if it didn't work in the way that you and we want it to work, we would be prepared to amend the Act after we have considered the new directions.

So much for the basic principles. Now, on policies, we made certainly three important decisions:

First, that there be a rail rate freeze for 18 months, so that we have time to make major progress on these various studies which have been referred to a federal-provincial committee; Second, a freeze on the unprotected branch lines, also for 18 months; third, a direction to the CTC to study and report on the long series of freight rates schedules, which Westerners believe are discriminatory, with provision for any other schedules to be added to the directive, at the request of the western provinces. The federal government will also be directing the CTC to complete its reports on the questions within the shortest possible time, and Mr. Marchand said that if he could, before we break up on Thursday, he would indicate what that time frame might be; so that the results may be

studied by the joint federal-provincial committee of administrators and officials, which the provinces and the federal government have agreed to establish.

On the second item, 'cost disclosures' well, the western provinces have asked that full disclosure of costs of all modes of transportation be required. We, at the outset, indicated clearly that information was required by the provinces to present their cases before the CTC at specific hearings. The federal government would ensure that such information would be furnished to the provinces so that it could be used at the CTC hearings and these are public disclosures.

To that extent, there was partial agreement to the public disclosures, but more important, I think, is an agreement on the basis of what I think Premier Schreyer suggested that there be private disclosures on a private confidential basis between governments and this be really full disclosures. The principle being that all responsible governments should have access to costs information on a confidential basis concerning railways, concerning trucking, in order that intelligent policy decisions can be made.

Now, that information which is available to us, we will make it available on a confidential basis to the provinces, over and above the public disclosure for specific rates hearings. What we have, we will make it available on a confidential basis and where the information is not available, but where it is needed for policy decisions, we have undertaken to direct the CTC to obtain it and once it is obtained, we will communicate it on that basis to the provinces.

We understand that the provincial governments will do the same thing with trucking to the federal government. That you will supply to us any data that you might have on trucking which might be relevant to rationalizing the whole area of transportation in the country and on a confidential basis we will have exchanges of that subject, too. I don't know, there are probably areas where you don't have the information, in which case, we will do our best to try and obtain it together.

In order to make the work of the Federal-Provincial Committee fully effective, it is clear that a good deal of cost data will have to be available to them and some of this might not even be available to the railways or to the trucking companies. It is possible that this data does not exist, but we are prepared to insure that insofar as the railways are concerned or insofar as trucking is concerned, but in interprovincial trucking, that data will be collected and made available and we hope that you will do the same thing with the data that is not available, but which might be useful to the discussion of the subject of transportation. We have even gone further and said that if necessary, we will contemplate changes in legislation to make sure that such data was made available.

On the third sub-item 'pricing for regional development', I think that the important new aspect here is that the provinces, through Mr. Peacock, have provided a completely new system for rate setting in Canada and these details of this were furnished to us yesterday, for the first time. Some provinces, I think the other three provinces, indicated that they wanted to look at it further before agreeing in detail,

but there was some suggestion we agree in principle at once. Our view, and we stated it, is that we don't think it would be possible for us to agree to such a major change in principle just on the basis of the exposure we had on that interesting slide presentation yesterday. We do believe that there should be a complete in depth study of the impact of these proposals and we are prepared to join with you in such a study and I believe there was agreement to do that. Obviously, the committee suggested by the provinces and the federal government would be the appropriate forum to do so.

On the question of acquisition of the railway bed, we apply the same comments. We don't want to agree in principle. We don't reject the proposal. We do want to have answers to some of the questions we have asked as to costs, as to the apportionment of that cost, as to the effects on secondary manufacturing in the West, as to the effects on trucking, itself. We are prepared to study it, but there is not an agreement in principle to take over the railway beds at this stage.

On the fourth item, 'ports and port facilities', on this question, the question of B.C. rail and port facilities, it seems clear that a major agreement has been reached and we have also agreed on the Ashcroft-Clinton bypass in B.C., which is of interest to all western provinces.

Premier Barrett: That is not finalized yet? In principle, yes.

Prime Minister Trudeau: The principle of building that bypass is agreed to. I take it that there are further discussions, particularly on the sharing of costs and ownership and so on.

Mr. Marchand: On the agreement itself. The agreement is just in principle, but the sharing of costs is in the proposed agreement.

Premier Barrett: Clinton-Ashcroft is not finalized.

Mr. Marchand: No.

Prime Minister Trudeau: On Churchill, it seems likely that the federal position is close to that of the provincial positions of Manitoba and Saskatchewan. I believe there is some costing that has to be proceeded with. I take it that there was certainly some disagreement on amounts involved, but—

Premier Schreyer: Well, Mr. Prime Minister, I would regret to say that—it would be inaccurate to say that the proposal by the Government of Canada is close to the position or the proposal made by the provinces, because, first of all, there is a difference of approximately 50 per cent in the amount of funds that we believe are required and the amount that the Minister of Transport indicated will be budgeted for, a difference of about 50 per cent and that is substantial.

Secondly, we do not feel that the federal proposal is adequate insofar as indication as to the provision of an Arctic resupply capability is concerned.

We know that Northern Transportation which is a federal crown corporation, has developed a good reputation as

a northern marine transportation company and we have asked that it be given a Churchill presence and we have not got any confirmation that this will be done, and until and unless it is done, then we have no reason to be optimistic that small businesses in Western Canada will be able to bid on Arctic contracts, Northwest Territories contracts, by the Government of Canada or the Territorial Government. Small business is frozen out because this lack of this northern transportation company presence.

Prime Minister Trudeau: I certainly accept that correction. There is agreement to the extent that we don't want to see the port disappear. We have undertaken to ensure its continuance. To what degree our participation and yours should carry us is something we will discuss on the basis of the report which has been made and I believe the Minister, Mr. Marchand, has indicated on the basis of Northern Transportation, the company, he would look at the question of why it is not operating there and if it can and should.

Premier Schreyer: Well, Mr. Chairman, I desist in making any further comments. We will await the report which the Ministers promised. Thank you.

Prime Minister Trudeau: On highways, we have agreed to removal of the tolls to commercial traffic in the western national parks.

We have agreed to major upgrading of Prairie roads and there was a figure of one hundred and fifty seven million dollars mentioned to be shared between the federal government and the provinces.

Premier Schreyer: Excuse me, Mr. Prime Minister, seventy-eight million.

Mr. Marchand: No, fifty-fifty. This is seventy-eight million from the federal and seventy-eight from yourself—from the provinces.

Prime Minister Trudeau: For a total of a hundred and fifty-seven million.

We have agreed to refer to the committee that we have set up, the subject of northern highways, which was raised particularly by British Columbia and to some extent, by some other provinces.

On air, our position in response to the suggestions on the bilateral agreements, was that—and I think that is agreed—that the country had to speak with one voice through the federal government. The degrees of consultation, the federal government agreed to certainly continue and intensify them and this is an area where the Minister has acknowledged that we would benefit from further provincial input.

On licensing, I gather the only thing we can respond at this time is that we would like at this committee of officials to have the subject explored and to see in what particular area we can act to assist the provinces.

I think that covers, then, the six sub-headings. If that is a reasonable summary, I think that we can say that there has been a great deal of progress on the principles and on the practice and I repeat, any delegation that wishes to return to this subject in the course of our discussion of

other items, considering this is so much linked in the problem of developing the West, particularly the secondary industry, I will certainly accept further interventions, as Chairman, but if this subject can be left for the time being, we would go on to the next item of the agenda.

Premier Lougheed: Mr. Chairman, I just wonder if we might have an opportunity to very briefly respond to your summary.

Prime Minister Trudeau: Yes, Premier Lougheed.

Premier Lougheed: First of all, I think I would say, speaking for our government, that your general summary or understanding is certainly the general summary and understanding that we have with regard to the matter.

We would say, though, you said a great deal of progress in your final comment, I am afraid that we would say that we would assess it as limited, but valuable progress.

We are naturally disappointed that there is no clear-cut legislative acceptance that national transportation policy be used as an instrument for balanced regional economic development.

On the pricing, I don't think we did ask you to accept it in principle here and now, the actual pricing technique, but we were pleased to see the Minister of Transport saying that the matter would be dealt with fairly quickly as one of the agenda items.

We have some concern, Mr. Chairman, and perhaps some ambiguity in the nature of this committee. I hope it is more, and I sense it is more than merely a committee of officials and that there will be direct and constant and regular ministerial input. I presume from the Minister of Transport's acknowledgement that that is so.

And, finally, in the area of cost disclosure, I think that was very important and valuable progress and once we get the information and the ball is, so to speak, in our court.

Premier Blakeney: I would like to add a couple of comments on your summary.

First, on item number 1, with respect to the Act, I specifically do not agree with your characterization that we ask that the CTC be given power to discriminate in favour of any region. I think, indeed, we specifically reject that idea.

Prime Minister Trudeau: Excuse me. I did not mean to indicate that you asked for that. I indicated that that would be a consequence of putting in the amendment that you suggest.

Premier Blakeney: Oh, I thought this morning that we invited you to put in an amendment which would specifically reject that, if you felt that that was the characterization.

Prime Minister Trudeau: If I read your amendment correctly, it was to indicate that the Act would be used to promote regional or more balanced regional development.

Premier Blakeney: If I may quote:

"If the federal government feels this commitment should be qualified to provide that there be no positive discrimination in favour of any region we would have no objection."

And that states my view on the matter, and I think the view of the other Premiers.

Prime Minister Trudeau: I think this should perhaps be recorded and it obviously will be.

Premier Blakeney: I don't want any confusion on that because I don't want people in other parts of Canada to feel that we were asking that the federal government or the CTC be given power to discriminate in favour of Western Canada. That was not our position.

Elsewhere, I was in general agreement. I won't raise quibbles.

I want to say, with respect to Churchill, I endorse what Premier Schreyer said about the resupply centre and we did not receive the response that we would have liked with respect to that. We are not quarrelling, but I don't want to suggest that we agreed with the position taken by the federal government on that.

On other items, the rate freeze, I would want it to be clear that the eighteen month rate freeze will affect only a comparatively small number of rates in our judgment and will be accordingly highly selective. Other than that I think the other comments can be made on other occasions.

Prime Minister Trudeau: Mr. Schreyer?

Premier Schreyer: A point of procedure?

Prime Minister Trudeau: Yes.

Premier Schreyer: With the exception of the matters already referred to by my colleagues and myself, I regard your summary to be a fair summary. I would like to know, now, however, if it is intended with respect to this committee that we have referred to, that it is intended to have some staff officials working on sort of draft terms of reference and such details as it is possible in the time frame and date of first convening, et cetera. Can this be something referred to officials here at Calgary, if they are present, to see if we could have some forward motion on it?

Prime Minister Trudeau: Mr. Marchand, what is your intention on this committee?

Mr. Marchand: I think we should ask our officials from the federal government and your governments first to work on this and after that, that we have a meeting of Ministers and see if this is exactly what we want, the terms of reference, how they are going to proceed. So I think that the first meeting should not be a meeting of Ministers but the officials who will outline all of this, define the terms of reference, to whom they will report and so on.

Premier Schreyer: This afternoon?

Mr. Marchand: Well, I don't know if it can be done this afternoon. I don't know if we can have a meeting

of the Ministers to approve that before the end. This is a matter of time. But we could ask them to have, at least, a preliminary meeting so that we have an indication before the end of the Conference of how we are going to proceed.

Premier Loughheed: Mr. Chairman, I think that would be very useful, if we can arrange that.

Mr. Marchand: Is it possible to arrange that?

All right. We will arrange that. Are your officials around?

Premier Loughheed: Yes.

The only thing, I noticed Mr. Marchand turned to Mr. Macdonald there.

Mr. Marchand: Yes. Well, if you are finished, I will give him my chair.

Prime Minister Trudeau: We are something like a couple of hours behind our ideal schedule, so I suggest that we begin the item 'the industrial and commercial development' immediately. It certainly will take the rest of the day, but I hope that we will be able to finish today.

There has been an agreement between our officials to organize the discussion by breaking it down into six sub-headings, as we did with yesterday's discussion. I will name them, to ensure that we are all agreed on the order.

- Mineral resources
- Industrial programs
- Fisheries
- Tariffs
- Development opportunities, including western northlands
- Federal purchasing and decentralization

There are other, I think, sub-headings, questions of marine development, which can appear, but I am told that our officials all agree that this would be the easiest way to order our discussion, and if that is agreed, I suggest we address ourselves to the question of who leads off the debate. I think we can solve it rather easily by sharing the honours. Yesterday we led off on transportation but everyone of the six sub-headings were led off on by the provinces. We are quite prepared to take these six items and lead off on three and let you lead off on three. I understand on fisheries and tariffs, in particular, it is the provinces who have a point of view to put, so I suggest that they lead off on this and choose any of the others you want to lead off on and we will take the rest.

Premier Schreyer: Western Northlands.

Prime Minister Trudeau: All right, Western Northlands.

I will ask Mr. Macdonald to lead off on mineral resources and I will ask Mr. Gillespie to lead off on industrial programs. On fisheries, I take it, will be Premier Barrett or one of his Ministers, on tariffs, Premier Loughheed, on development opportunities, including western northlands, the Manitoba delegation, federal purchasing and decentralization would be Mr. Goyer and Mr. Richardson from the federal government. Mr. Chrétien will be here through most of the discussion, but particu-

larly, of course, about the Western Northlands. Many of these subjects concern his department, and I will call on him to participate as needed.

If this is agreed, then, we will begin with the first sub-item 'mineral resources', and I will ask Mr. Donald Macdonald, the federal Minister of the Ministry of Mines and Resources to lead off on behalf of the Federal Government.

Mr. Donald S. Macdonald (Federal Minister of Energy, Mines and Resources): Mr. Prime Minister and Premiers, it is appropriate at any meeting to discuss western economic opportunities that there should be a discussion of resources and, particularly, mineral resources because, historically, mineral resources have played a very significant role in the settlement and the development of Western Canada. One of the difficulties in discussing this question in this forum, is the very diversity of resources which are to be found in Western Canada.

Four geologic provinces, as opposed to four political provinces, are represented in the region and, indeed, the Province of Manitoba has no less than three geologic provinces within its boundary and this means a great variety in products all the way from the coal and natural gas and oil of Alberta to the zinc and base metals of Manitoba.

It is apparent that this activity will continue to be of importance to the region in the future. Western Canada, now is now seeking to secure for its people greater benefits from resource development. A more diversified industrial base could be established if more of the West's resources were processed in the four provinces.

While the extraction of minerals creates wealth, refining and their further processing means more direct jobs, a greater use of skills, and the utilization of a wider range of talents. Resource development also, inevitably, produces an employment multiplier effect—that is, an expansion of secondary and service industries—and it is our aim to ensure that so far as is possible that as much of this employment multiplier effect should remain in the area where the resources are found.

While the resources within their boundaries are, of course, under the jurisdiction of the provinces, the Government of Canada has played an important role in the past in assisting development through exercise of its responsibilities. One of the most significant of such responsibilities has been in providing a basis of fundamental information for resource discovery and development.

Basic objectives for mineral development were outlined this spring when a document entitled "Mineral Policy Objectives for Canada" was issued jointly by the federal and provincial Ministers responsible for mineral policy. This has marked the beginning of joint policy development by all 11 governments, and machinery is being developed for further consultations.

My Department is involved in a series of activities right across the spectrum of resource development, from mapping and geological work through metallurgical and fuels research to economic analysis. Our experience across this

spectrum has led us to see the need for increasing our knowledge of the resource base of this vast and varied country. Resource policies will never be fully adequate until they are founded on a thorough knowledge of what is available, and, at a further stage of analysis, of what will be extractable, when, under what conditions and at what price. There are still large parts of Canada where our knowledge is not great enough to meet this need. The enormous areas that we have to consider, and the complexity of some of the issues involved, make it unlikely that either federal or provincial governments acting alone, will be effective, of course, in responding to the aspirations of Canadians. A co-operative approach is dictated both by our federal system and by the extent (and expense) of the task at hand.

The proposals I am outlining are divided into three main categories: Firstly, those which will improve our knowledge of the western resource base; secondly, those involving research and development to enable us to use our resources more efficiently; and thirdly, those which will enable us better to gauge and direct the impact of resource development.

At the most basic level, we need to improve the quality and quantity of the data available on the reserves of non-renewable resources in Western Canada, and for this reason, I am proposing the establishment of a Non-renewable Resource Evaluation Programme.

I see the programme, if it is agreed to, as having several phases. The first would be a discussion of those areas where we need more information, and of the methods we should use to obtain it. Secondly we should proceed to pool and to review our existing data and identify the gaps that exist. Finally, we should set out to fill those gaps, beginning with a joint exploration geology project. I hope discussion among all the interested governments can begin almost immediately, aimed at an agreed basis for our work. I would then propose that we could begin the programme, province by province, as soon as possible. The government of Manitoba, in particular, has expressed an interest in joint projects such as the one I have suggested, and I hope that Manitoba could be the starting point of our programme.

We know that coal markets, in Canada and abroad, will expand considerably. We have a broad idea in general terms of the extent of Alberta's resources. But we need to know much more about the precise extent of those reserves and about the conditions under which extraction would be technically feasible, environmentally acceptable, and economically justified. We have had preliminary discussions with the government of Alberta on the establishment of an Alberta Coal Resource Evaluation Programme and I now wish formally to propose such a programme, to be funded jointly by the governments of Canada and of Alberta.

If I might, Mr. Prime Minister, I would say to the Premier of British Columbia, we look forward to having the same type of discussions with his government. We regret the circumstances under which his colleague finds himself in the hospital and we look forward to having discussions with him at an early date.

I mentioned earlier my view that mineral policy should be developed in a way that reflects the varied nature of mineral occurrences and the particular needs of different regions. There are some regions that deserve to be singled out for special attention and intensive activity. Northwestern British Columbia is known to be an especially promising region, and yet—despite its clear advantages—it is still at a very preliminary stage of development. Our discussions with the government of the province have indicated that this is a priority area as far as they are concerned, and that they would welcome federal involvement in programmes designed to identify promising mineral deposits and to relate them to market opportunities. The promise of the region will be substantially enhanced by the agreement signed Monday in Vancouver by my colleague, the Minister of Transport, and the Premier of British Columbia. The agreement covers a \$325 million expansion of the port of Prince Rupert and the extension of the Canadian National and British Columbia railways into the resource-rich northern part of the province.

I therefore propose that my Department and the Department of Regional Expansion, together with the Government of British Columbia should enter into an agreement for mineral development, applied to the area I have mentioned. The agreement could cover geological surveys and mapping, projects on individual base metals, access road construction and regional resource planning. It could be aimed at both rationalizing priorities, and also ensuring that resource development would be related to social and other objectives.

We know that similar requirements are present in Northern Saskatchewan, where there is particular mineral potential in uranium, nickel and limestone. Planned development of this potential could help to alleviate pressing economic and social problems in that region. I therefore also propose that a similar agreement could be concluded with the Government of Saskatchewan.

If I could, Mr. Premier, just acknowledge the representations which we have received from you in recent days with regard to the proposed routing of the southern section of the Mackenzie Valley Pipeline. If such a pipeline is to be built, and that of course is yet to be decided, we agree with your views that this should show maximum economic advantage for all four of the provinces represented around this table and that in particular, we don't see any advantage either for Saskatchewan or for the other provinces of routing that line through the Dakota and Montana. In that respect, we have taken account of your observations and will take account of that in the future guidelines we will be issuing in relation to the Mackenzie Pipeline.

The need for steel in Western Canada as already referred to by the Premier, is a growing need and new sources of iron ore will soon be needed to meet anticipated demand. I was pleased that the Premier talked in terms of transporting iron ore from the resources in my own province to Western Canada and of course, we would be quite pleased to accommodate him in this regard but there are deposits of iron ore as well in Western Canada which we think might bear close attention.

I therefore propose that my Department co-operate with others involved in a three-part plan which would include an exploration and evaluation programme to define viable iron ore sources in the West; a feasibility study of the costs of delivering iron ore pellets from potential sources to a site for a reduction plant in Western Canada, and metallurgical research into reduction processes appropriate for western grades of iron ore.

Before leaving the general subject of basic resource evaluation, I would like to mention one other aspect my Department's plans for expanding its activities in British Columbia. We maintain a branch of the Geological Survey of Canada in Vancouver, whose scientific staff are specialized in Cordilleran, marine and environmental geology, which of course is the most relevant to the B.C. situation. It is our plan to increase the geoscientific staff significantly, and to have them work in close co-operation with the Department of the Environment at the new Patricia Bay Centre now being constructed under the aegis of that Department to provide an expanded and co-ordinated programme for the marine resources of the Pacific Coast. Our increased activity there is intended to improve our knowledge of the resources of the ocean floor, and to contribute to the safe development of those resources.

We in Canada are fortunate in having both a great deal of experience in resource development, and very large reserves on which our existing industries can continue to depend for growth. Sometimes our good fortune itself can cause difficulty and uncertainty because of the enormity of the task involved in taking advantage of it. A case in point is the Athabasca region of Alberta, with its enormous oil potential. The oil sands contain one of the world's richest single resource deposits. Yet, if Alberta, the West and Canada as a whole are to benefit fully from it, we must develop the technology to extract safely and economically, the vast reserves that are now inaccessible and the costs of doing so will be very great. That is why I believe that the most rational approach to the large problems involved will be a joint effort on the part of the governments of Alberta, and Canada, and the oil industry. We are prepared to hold discussions with the government of Alberta to explore the possibilities for joint action in this area.

The Alberta Mines and Energy Minister already has referred publicly to the establishment of an Energy Resources Institute at the University of Calgary.

We are pleased that he and his colleagues have agreed to indicate their support for this initiative. We, in turn, are prepared to support this initiative as we have already supported a similar institute dealing with hard rock minerals at Queen's University in Kingston.

I wish to announce that the Government of Canada will contribute \$125,000 annually for an initial five-year period towards such an institute in a co-operative venture sponsored by the governments of Canada and Alberta, the petroleum and related industries, and the University of Calgary. Its purpose will be to carry out research and analysis into fundamental questions of energy development, and it will contribute significantly to Calgary's stature as a leading energy centre.

Mr. Prime Minister, I have outlined some of the areas that we consider to have priority, in support of the objective of western economic development. I hope that our discussion today—and our consultations in the future—will lead us to develop these ideas further and to identify other areas where co-operative effort can work toward the goal of a stronger Western Canada and therefore of a stronger Canada.

Prime Minister Trudeau: Thank you, Mr. Macdonald. Premier Lougheed.

Premier Lougheed: Mr. Chairman, I don't know how you want to particularly handle the item but I would like to make a very few brief comments. I gather we received a specific list of federal proposals that involve all the four provinces and maybe we could follow that and respond to that. Any comments that we would have, generally, to make with regard to the Minister's presentation is, first of all, I'm sure, and certainly the Minister is well aware by his energy policy for Canada of the nature of the ownership interest of the provincial governments. Like the federal government, we are conscious of our jurisdictional responsibilities. But the basic intent that has been expressed by the Minister in terms of exchange of information, in terms of pooling of his data and joint cooperation, in terms of research, is an approach that we very much welcome and we think is in the larger Canadian public interest. We certainly look forward and I would like perhaps to direct a question to the Minister or to you, Mr. Prime Minister. There has been discussion and you can't get into the subject of mineral resources without naturally getting involved in many facets of energy, but there has been discussion on, and Premier Davis has asked for a meeting of First Ministers, presumably or tentatively in the fall, on matters of energy. We have responded affirmatively to that and we hope the seating arrangement is not ten of you on one side. We look forward to attending and participating and we wondered what the stage was, whether there was any tentative plans being developed with regard to such an energy conference for all first ministers of Canada. I might just add, it was our view that, it would be inappropriate to be specific about energy other than the ways it has been developed here by the federal government, at this meeting, to be fair to the consuming provinces and other provinces not represented here.

Mr. Macdonald: Well, Mr. Prime Minister, Premier Lougheed, as you know, following the publication of the energy analysis I visited all ten provincial governments to get their first reaction to the document which was perhaps a little unfair to you because we came the first thing after a long weekend. The second and perhaps the more important point at this stage was to get reaction to, we refer to it as the Lougheed initiative rather than the Davis initiative about having a conference in the fall.

Premier Lougheed: Thank you. Now, I am worried about the seating arrangements.

Mr. Macdonald: I think that it is fair to say that there is a spectrum of opinion in this respect from the provincial governments. Some of the provincial governments east of

Ontario, felt that they would prefer to have discussion which would be dealt on a regional basis only. We noted that, we noted the reactions generally. I think perhaps the appropriate step would be for us to synthesize responses that we have got and communicate to you and then by the obviously well-oiled channels of federal-provincial communication, we put to you the reactions and then see where we go from there. I can say there was not unanimity at our meeting generally, but I don't think I can say there was strong opposition to the Lougheed proposal.

Premier Lougheed: If I may follow that up. It is the federal government's view though that it would be desirable to have a Conference of First Ministers with regard to the matter of an energy policy for Canada?

Mr. Macdonald: Well, I haven't discussed it with all the First Ministers involved, but it's certainly a view, it would be desirable to have a Conference. I think it is our view it should be very well prepared, perhaps given the time frame in which we operate the fall of 1973 might be a little early for it.

Premier Lougheed: That's all the interjections I have.

Prime Minister Trudeau: Any other comments?

Premier Schreyer: Mr. Prime Minister, we have listened with interest to some of the specific proposals and aspects of Mr. Macdonald's opening remarks. Manitoba is particularly interested in learning more about federal government intentions insofar as carrying out a comprehensive quantitative resource base analysis. We look forward to cooperating with the Government of Canada with respect to not only resource base analysis, but also actual resource exploration and development. We would hope that the Government of Canada is prepared to use the instrumentality of Pan Arctic Oil or an agency similar to it to carry out jointly with the provinces any developed program of resource exploration development.

We also note with interest that the Government of Canada is prepared to make funds available either on its own or jointly with the provinces for geoscientific research institutes. I note that my colleague, Mr. Green, has made proposals in the past to the Government of Canada with respect to the establishment of a Canadian Shield or Precambrian Institute and that seems to have bogged down somewhere, but I assume from the apparent willingness of the federal government to carry out more geoscientific research that the Precambrian proposal made by Manitoba will receive favourable consideration.

We would also like to broach at this Conference the whole subject of taxation policy as it relates to the capturing for the people of our jurisdictions the maximum amount of benefits from the exploitation of natural resource. All in all, Mr. Prime Minister, I look forward with a great deal of optimism that there will be some concrete indication of intent from the governments around the table here relative to doing much better than we have in the past in terms of not only exploration and development and research and development of new technology, that will open up new resources, but also that we will also consider the ways and means of maximizing the return to the public of our

natural resources. Perhaps Mr. Green would like to focus in on some specifics at this time.

Mr. S. Green (Minister of Mines, Resources and Environmental Management, Manitoba): Yes, Mr. Chairman, I would like to just follow-up my Premier's remarks by suggesting that there are three main areas that we would like to have canvassed by the federal government in the area of mineral resource development. I, as well as Mr. Dickie, and I think Mr. Thorson were parties to the statement that was released by Mr. Macdonald vis-à-vis mineral resource development in Canada. The fact that it was a unanimous statement, is both a good thing and also leaves by inference many questions to be answered because there are very few issues on which I can be unanimous with some of the things that are said both by Mr. Macdonald and things said in other provinces. But nevertheless, I don't wish to detract from that statement. It was a statement which indicated the importance of the mineral resource to the country, the desirability of that resource to be developed for the benefit of the people of the country, and thirdly, the desirability of having the resource development with least hazard impact to the environment. It did not get to, could not be expected to get to the specific problems that we are facing and which are matters of continuous public debate. First of all, the Government of Manitoba takes the position that we should not use the tax mechanism as a means of inducing industrial development, that the purpose of taxation vis-à-vis mineral resources is to receive the greatest possible benefit, the greatest possible return of the financial possibility of those resources to the people of the country. We therefore take the position that the industry should be taxed at the highest level possible consistent with the existence of the industry as competitive with prices in the world. But co-existent with that kind of policy it becomes necessary for the federal government not to facilitate a great deal of flexibility in taxation as between the provinces, so that we have what has occurred, I believe, in the last fifteen years, a great deal of auction bidding for the development within the province regardless of what the return ultimately is.

So we take the position that taxation should be maintained at the highest levels consistent with public recovery of a fair share of the wealth of the resource and that any possible slowdown in industrial development should be picked up by the Crown. And that is necessary to maintain the integrity of the taxation policy. You cannot have both a taxation policy which is claimed to discourage development and then not have an instrument of the Crown filling in where that suggested discouragement takes place. Now, I am not altogether sure that it would discourage development but nevertheless, there has to be an answer if it does. And we see the answer in the Crown involving itself directly and picking up any slack should that take place. Both the Province of Quebec and the Province of Manitoba have Crown owned exploration companies. One of the disadvantages of it being solely within a province, is the fact that the range of risk becomes higher once the boundaries of exploration become narrower, and we would think that the federal government should look at its resource exploration policy as consistent with a legitimate tax policy and

make a move in the direction of seeing to it that the tax policy is maintained by a federal government initiative which would spread the risk much more than it is when one province proceeds individually. I am not altogether upset if the exploration happens to result in discovery in Alberta. If it is done by the Crown, then Manitoba through the redistribution formula or through less taxation imposed by virtue of more revenues received, would get the benefit, and we are not concerned with that at all.

In addition to a Crown agency, in that connection, we have a paper which was distributed to us which my impression tells me is a suggestion that there must be a greater degree of secondary development in the country, through processing and smelting of our concentrates. And Manitoba is fully in accord with this and I haven't heard any politician on the Canadian scene not express his approval of this particular concept, but when it comes down to practice, and I admit that we are as guilty as anyone, there is the inevitable exception and an export provision is given because the mining companies have argued, and quite reasonably, and I don't blame them, that given the amount of ore bodies they are dealing with, it is not possible to set up mining and smelting facilities in the country, and the Government of Manitoba as well as other governments, have permitted export on those grounds.

It's also been uneconomic for the province to consider a single secondary processing facility but we would suggest to you, Mr. Prime Minister, that it would be almost certain that the federal government could set up custom smelting and refining facilities in this country given the total ore body or ore body potential that it is dealing with and also given the longer purse of the federal government, to wait until new discoveries are made, and again, Mr. Chairman, I am willing to take my chances as to where the custom and refining facilities are set up, provided, of course, that they are set up in a province that is located in the centre of Canada. On that basis, Mr. Chairman, the fact is that both the jobs and the economic wealth which is generated by processing and smelting facilities, would accrue to all Canadians, and if it doesn't happen to be in the Province of Manitoba, then we will get our shares through redistribution or through a lower taxation level on the part of the federal government.

So we would think that the federal paper supports this view. We would like it implemented and I think—I repeat every politician I have heard speak on this subject is in favour, and all it requires, I believe, is the initiative of the public through its elective representative to make this thing a reality. I would like to concur with what Mr. Macdonald has said vis-à-vis joint exploration, the gathering of joint data. All of this dove-tailed with the remarks that I have made. I think that hitherto all of the public expenditure with regard to exploration and data have been done for the benefit of industry, and again, Mr. Chairman, I am not criticizing industry. I think that they were well to take advantage of this. I would criticize us for not taking advantage of it, and I would say that the monies that the public now spends in joint exploration and joint data collecting, should be utilized by the public

for its own further development, and then I would go on from there and say secondary processing facilities.

The Premier has already alluded to the Precambrian centre. He has announced such an institute in Vancouver and I congratulate Premier Barrett, he has announced such an institute for Alberta and I congratulate Premier Lougheed, and I wish the others would have something to congratulate me upon.

The fact is that the Precambrian institute, you have given some money for us to build such a facility, but I think it's been generally agreed that the importance of such an institute is the combining of all the talent working on the Precambrian Shield in one particular place, and we think that the logical place again is in the City of Winnipeg, the centre of the Precambrian Shield. We think that the entire federal staff, the entire University of Manitoba staff, the entire geological staff of our Department of Mines and Resources, and we have also the co-operation of all the mine companies in Manitoba who are represented here today, by the way, agreed to participate in this institute. I think that that was a rare combination of different agencies who were willing to go ahead. That kind of centre of excellence, I think would accrue to the benefit of everybody in the Shield, and I wish the subject could be reopened in view of the remarks that you have made. I think the Government of Ottawa says that they agree with this type of decentralization. I call it centralization but centralization in a place other than Ottawa, centralization in the City of Winnipeg is the logical place.

Those, Mr. Chairman, are the thrusts of our position. I repeat there are three things: a tax policy, a public initiative policy both in the area of exploration, and a public initiative policy in the area of secondary processing and mining and smelting facility.

Premier Lougheed: Mr. Chairman, I know I have spoken, but I do think that perhaps it is important for the record that we in Alberta, with respect probably to the earlier or middle remarks that Mr. Green from Manitoba made, we would have to disassociate ourselves philosophically from those remarks. We feel rather strongly that the risk-taking private sector has a very important role, particularly in the exploration phase of oil and gas development, and it simply wouldn't be at its current stage in Canada today without a full and adequate recognition of their contribution.

Mr. Green: Mr. Chairman, to make it quite clear, I have not suggested that we remove the private role. I have suggested we involve the public.

Premier Barrett: I appreciate the philosophical difference, but I don't think it should distract us from seeking some common goals in terms of the use of facilities that the federal government has offered to make available to us. I respect Premier Lougheed's reminder to the federal government that the constitutional authority run the resources. And it gives us a great opportunity to display which one of us is right, or which approach may be more correct.

In any event, I want to express my appreciation to the federal government for expanding its research facilities to the provincial governments without infringing upon their constitutional authorities.

Premier Lougheed: Mr. Chairman, I do think it is important that we confirm through our endorsement, if I follow the general thrust of the Minister's remarks, the need for the processing of our mineral resources as much as practical upstream or at the source, and certainly that is our basic policy in Alberta. We look forward to working, on a policy basis, jointly with the federal government, to accomplish that task.

Mr. Macdonald: I can say I agree in general terms. My colleague, the Minister of Industry, Commerce and Trade, I think will be elaborating on this during the course of the afternoon.

Premier Blakeney: Mr. Chairman, we welcome the initiatives set out by the Minister, Mr. Macdonald. We would perhaps have liked to see a little more for Saskatchewan, but no doubt each province would say the same.

I wanted to make a couple of very brief remarks, and then ask the Minister of Mineral Resources, Mr. Thorson, to comment on this.

With respect to the Minister's reference to the Mackenzie Valley pipeline, I appreciated his comments. While our government is by no means convinced of the necessity or even the desirability, of the Mackenzie Valley pipeline, our position is that if the line is to be built, then it should contribute to the greatest possible extent to the Canadian economy, and I am very pleased that the Minister endorses that point of view.

With respect to the comment that the processing should take place as far as possible at the place where the resource is extracted, we agree wholeheartedly and we would welcome any federal assistance to see that that takes place in areas such as uranium, for example where the federal government has the control of where processing takes place and where we now produce a considerable amount of uranium, and hope to produce a great deal more as the uranium market grows.

With respect to the taxation point raised by my colleagues from Manitoba, I share their general point of view. I think perhaps another forum for the discussion of taxation might be found, and I will withhold any additional remarks on that topic at this time and turn our attention to the particular items in Mr. Macdonald's paper, and would ask Mr. Thorson to comment on a couple.

Prime Minister Trudeau: Mr. Thorson?

Mr. K. Thorson (Minister of Industry and Commerce and Minister of Mineral Resources, Saskatchewan): Mr. Prime Minister and Premiers, I want to say that Saskatchewan certainly welcomes some of the announcements made by Mr. MacDonald this morning. We are particularly interested in some of these points that he raises. On the resource evaluation program we will undoubtedly at a Mines Ministers' conference have an opportunity to discuss some of the details, and I hope it won't wait until then

to get underway insofar as preparations for the work that is to be done in each province is concerned.

May I just suggest that one thing we should all agree upon in that area, is those people who are now engaged in exploration activities, companies, individuals, should in some way be able to file with the government agencies the information which they obtain, so that all of this information is available to the total industry.

In Saskatchewan, some 25 years ago, this was begun in the oil industry, and there was some reluctance on the part of the private sector at first, to make full disclosure of all its information from wells available to government agencies. But we have been able to demonstrate that that can be kept confidential and protect the rights of the individuals and yet make available all of the information to the total provinces' efforts in the oil development. I think we need to do that cooperatively between the federal and provincial agencies and the private sector in a program which is envisaged in this resource evaluation program.

I suppose all provinces have some proposals that they would like to add to Mr. MacDonald's list. Let me just add just two for Saskatchewan.

I notice, for instance, that Alberta is to have a coal resource evaluation program, and I am not sure what it is to cover, whether that is just to explore for the locations of the coal and the extent of it in the ground, or whether it is also aimed at uses of coal.

May I say that we welcome in Saskatchewan the support and the cooperation of the federal government in such a program that went on last year and is continuing this year, insofar as exploring for coal in the ground is concerned. Our lignite coal extends for at least 50 miles north of the international border in a broad belt across southern Saskatchewan, and that is being explored in a joint federal-provincial program very actively at the present. But I think we would like to see more research done in the uses of our coal resources in Saskatchewan.

We know, for instance, that in South Dakota, at Rapid City, the United States Federal Government is sponsoring a coal gassification project, and in view of the needs for energy and alternative sources of energy in the future, perhaps some similar program should be thought about for Canada and particularly for the use of the soft coals that are so abundant in Saskatchewan.

I notice also that particular research is to be done with Athabasca Oil Sands in Alberta.

May I just put in a word that some thought may be given to the oil shales which are just across the border in Saskatchewan. Again, this is a very abundant source of fossil fuel and needs a lot of research work on methods of extraction and development.

I particularly note, with some joy, the suggestion that there will be a joint agreement, not only with the Government of British Columbia and the federal government, but also the Government of Saskatchewan, on a mineral resources development program for northern Saskatchewan. I may say that that is, I believe, a suggestion which we made on behalf of the Province of Saskatchewan more

than a year ago, and it found its way, that suggestion between one federal agency and another, but never did until today receive a final response from the federal government and we are very pleased that the response has been so favourable.

May I suggest that the item about further processing of our resources in particular is welcome, and we might consider other resources, other minerals than the uranium, nickel, and the limestone that was mentioned by Mr. MacDonald. I am thinking of copper in the north, and when I think about uranium, it may well be that there will be a market for enriched uranium in North America, or beyond the borders of North America, and if our uranium is to be made available in that form in some place, I think we should seriously consider doing the enriching process close to the sources of supply.

I understand presently the federal government's position is one of neutrality. If somebody wants to go ahead with the project, there is no objection on the part of the federal government. But indeed if a market does develop we should perhaps take vigorous steps so make sure the enriching process goes on here.

I note the particularly good news about the federal involvement in the search for and research on iron ore deposits for steel making in the prairie provinces. We have at least two very promising sources of iron ore in Saskatchewan, the one at Choceland and the one over in the north west part of Saskatchewan, and we take this to be goods news, because we assume, of course, that the pelleting plant and the metallurgical research will be close to the source of supply and it will undoubtedly be in the Province of Saskatchewan.

Mr. Macdonald: Mr. Prime Minister, I would just like to respond to Mr. Thorson on the various remarks he made.

With regard to the coal resource, and the discussion with Alberta, there is perhaps a further complexity involved with the Alberta resources not present with the Saskatchewan lignite program, with which we have been participating, in the sense that it presents technological problems with mining and extraction, which of course have an economic effect. But our program with Alberta will be tentatively an integrated one in the coal operation.

If I could just focus on one aspect of the matter, that is with regard to uranium, which I know is of significance to Saskatchewan. Not only are we an operator now in that area, but geological indications are that the prospects are good in that area. As you know, the industry has been depressed for between 10 and 15 years now by an excess of supply over demand, but one of the conclusions of the energy policy analysis, which we published several weeks ago, is that uranium is going to be, as a principal source of nuclear fuel, in increasing demand in the early part of the next decade.

On this basis, we anticipate an expansion of uranium exploration and we hope to be discussing specifically with you, some ways in which this might be expanded.

With regard to enrichment, I can say that we are also in a position now to make an announcement concerning our intentions in the enrichment area. We will be making that, I think, some time next week. I would do that in Parliament, but there will certainly be one aspect for the

further processing which we know will be of particular interest to Saskatchewan as a uranium producing province.

Prime Minister Trudeau: It being 12:35, I would suggest we adjourn until 2:30 and complete this item then.

AFTERNOON SESSION / SÉANCE DE L'APRÈS-MIDI

Prime Minister Trudeau: Come to order, please.

Before we begin this afternoon's proceedings, I know it is the will of all the Premiers and of ourselves that I should make a statement on the occasion of the death, just two hours ago, of the Right Honourable Louis S. St-Laurent, former Prime Minister of Canada. Canada has lost a great Canadian, but his work lives on, and his name will always be associated with qualities that are respected and admired by persons in all parts of the country.

The Right Honourable Louis S. St-Laurent, as a person, as a public servant, and as a statesman, long ago won a permanent place in the affection and esteem of Canadians. His unfailing sense of courtesy and respect of others gave to him the quality of courtliness and kindness which are encountered all too rarely today.

Monsieur St-Laurent avait une foi inébranlable dans le Canada, et pour lui, il ne pouvait y avoir de plus grand honneur que de servir son pays, ce à quoi il s'est employé d'ailleurs avec un sens aigu du devoir, et un dévouement exemplaire. C'est avant tout par souci d'assurer l'harmonie nationale qu'il entra sur la scène politique. Grâce à lui, les Canadiens ont appris à mieux connaître le Canada; et pour tous ses compatriotes, il devint le symbole vivant de notre unité et de notre fraternité.

His sixteen years of public service were fruitful years for this country, both domestically and internationally.

His legacy to Canada permeates Canadian life. As Minister of Justice, Secretary of State for External Affairs and Prime Minister, he played a leading role in the social, constitutional and judicial development of this country. He was, to use a phrase he once applied to others: an enlightened patriot. Canada is a better place because he lived among us.

I know that all Canadians join with us here in expressing sympathy to Mr. St-Laurent's family, and I know it is the will of all that we adjourn for one minute, and pause to reflect on the memory of this great Canadian.

(ONE MINUTE OF SILENCE)

Our business this afternoon is to complete the discussion on minerals policy.

I did not ascertain, before the lunch break, whether there were other comments which were to be made by the various delegations.

If so—Mr. Getty of Alberta?

Mr. D. R. Getty (Minister of Federal and Intergovernmental Affairs, Alberta): Mr. Prime Minister, I just want to

say a couple of brief words regarding the initiatives presented by Mr. Macdonald, and it has to do with some of the comments that were made around the table, which bothered me slightly, and that was sort of the finality of the acceptance that appeared to be developing.

I know that our Minister of Mines and Minerals, Mr. Dickie, will be going into some detail on each of the items, but I would like to just raise a small word of caution, without it being termed to be negative at all, that is, the operative word here, to us appears as: these are federal proposals. And some of the comments this morning about: they are pleased to see that there will be certain things in Alberta.

We consider that, as the Premier said, there is a welcome from Alberta of the intent which is in the comments from Mr. Macdonald. However, we are accepting that intent very gladly, but are really leaving the caveat that we want to determine how these various proposals will in fact be developed.

We certainly believe there will have to be established some pretty firm terms of reference, keeping in mind that these terms of reference should involve such things as jurisdiction, ownership, the various priorities of the provinces. And while we, as I said, we welcome your initiative, we are going to want, before in any way signifying acceptance, we are going to want to know how the federal dollars, and how the co-operation will in fact be worked out, so that the terms of reference will not in any way erode the responsibilities that we have in the development of these natural resources.

And perhaps Mr. Macdonald might want to respond along those lines. He might also give us some indication if in the exchange—and I appreciate the value of the exchange of information on non-renewable resources—if in that exchange, since it would be very important to any producing, and, I suppose, any consuming province, to have all the information possible on the resources that are available to our country,—that that exchange might include an exchange of information from the Northwest Territories, some co-operation and the development of those non-renewable resources, and the assistance between the two governments in research in those areas of federal jurisdiction as well, and would appreciate some comment from Mr. Macdonald as to the degree of federal control or federal terms of reference which will accompany their dollars.

Mr. Macdonald: Well, Mr. Prime Minister, dealing with the last first, the federal law is really quite clear, with respect, for example, of exploration data on the Northwest Territories, or on the East Coast off-shore,

under our law, after a period of two years, what is proprietary information of that particular company then comes into the public area, and it is available, of course, for Alberta as for any other interested party.

Certainly, with regard to the proposals we have put forward, for example with regard to coal evaluation, we understand entirely that Alberta wants—this is a resource under Alberta jurisdiction—and Alberta will want to have some great deal to say about the manner in which the evaluation proceeds.

From a national standpoint, our principal interest is above all in identifying the nature of the resources we have, so we can plan, for example, national policies with regard to export and other areas within our jurisdiction.

The manner in which the provinces chose to go about developing them, whether it is Mr. Green's route, or the Alberta route, of course is a matter for the province to decide.

Mr. Green: So then, what we will be able to do is meet on each of these specific items, and determine the framework of our agreement on those that involve Alberta in any event.

Mr. Macdonald: Absolutely. For example, on coal, I would be glad to carry forward as we agreed on Monday; and on the meeting over coal, to carry forward and define the areas in which we should be putting our cooperation together.

As I mentioned, we look forward also to meeting on that commodity, to meeting with the Province of British Columbia, which has a substantial interest in it, as well.

Prime Minister Trudeau: Premier Schreyer?

Premier Schreyer: There is one major aspect of Mr. Macdonald's presentation which leaves me somewhat curious: the federal paper on mineral resource development is, I believe, a good document; and certainly, it makes it quite clear that the federal government is desirous that we take steps now to attempt to increase substantially our capacity to process mineral resources at or near the areas where these raw materials or resources are mined.

But having said that, this document does not go on to indicate what form this federal encouragement of provincial governments taking steps to maximize or processing will take; what form your encouragement will be? Or are you merely stating a desire, and not attempting to indicate what kind of encouragements you would be prepared to discuss with the provinces in the event they actually tried to implement what you are expressing.

Mr. Macdonald: I suppose the best example would be again with regard to British Columbia, and discussions which have been going on for some time, with respect to the possibility of developing a smelter at Kimberly. There will be federal, as well as the discussion that has taken place with regard to the development of the resource in British Columbia generally, there is an indication that federal funds will be available, financial assistance will be available in that particular area, for the development

of the smelter. So, in effect, they are not shipping concentrates, but more highly processed products.

Premier Schreyer: And these federal funds would be in the form of what? Equity financing? Loan financing off market? Or a combination of both? Or outright grants? Or all three?

Mr. Macdonald: The sugar-daddy of this one is really the Department of Regional Economic Expansion, and I would have to appeal to my colleagues on the exact nature of the details; but basically, it is, if I understand, in the form of grants.

It is not settled yet, but that's the area—

Premier Barrett: It frightens me to hear the public admission of the words "sugar-daddy". We have taken the position, in British Columbia, with that particular smelter, that although we welcome it, there are two conditions:

One, that it be pollution free, certainly as much as possible; and

Secondly, it fly on its own wings.

We have cancelled a commitment by the former administration to advance to Cominco \$2 millions to get that smelter going. After all, it is our copper they are using, to begin with. And we find that if you want to give money to Cominco to help them with a copper smelter, we have no objection in that. But why don't you give us the money, and we will loan it to Cominco, and take an equity in the smelter?

Mr. Macdonald: And take the credit to, for doing it?

Premier Barrett: No, no.

I publicly say to the Canadian people that I will give Ottawa full credit if they give us the money to loan to Cominco, and that we get an equity share out of that loan or that grant, and I will say it all over Canada, that that is what you have done. But I cannot buy the policy of giving welfare to Cominco. And I say that not as a social worker, but as a tax-payer.

Prime Minister Trudeau: We are going to discuss the problems of Mr. Jamieson's Department later this afternoon, and you might want to return to that point.

Premier Barrett: I was just responding to the example.

Mr. Macdonald: Of course, if there is opposition to this kind of financial assistance, then that's another question.

Premier Barrett: Well don't take the money, take an equity position.

Mr. Macdonald: Well, your position is clear, anyway.

Mr. Green: I don't think that it falls entirely within the area of the Department of Regional Economic Expansion. I think that we have two papers: one by the federal government, which was a joint document which has been modified by the Western Conference, and I believe we have a paper, a fairly extensive one on processing of resources, which was prepared by the federal government for this particular session; I threw out a proposal. At the

very least, I would hope that the federal government would consider it.

The federal government is making an inventory of what our total resources are, looking at it from a totality, it should be able to determine the viability of money, which if it is going to use public funds, it may as well be a public institution which deals with these things. I indicated previously that certainly I would prefer if the thing happened in Manitoba, but I would regard it as a second preference that it was a Canadian institution that was located in another province.

We have been giving export permits to have concentrates shipped to Japan, to have concentrates shipped to Norway, on basically sound reasoning on the part of the company. Now, I think that Manitoba would be prepared to consider a commitment that we would not give export permits. We could even go further: we could say that you can mine in Manitoba, you can get concentrate, but the refining is going to be done by a total Canadian company which is designed to make sure that all of our processing takes place in Canada. And I don't think that I would have difficulty making that kind of commitment on the part of the province.

So we would give that, and I would expect to get something from the federal government in return.

Mr. Macdonald: We obviously have two views represented at the table here. One saying that the resources are going to be developed by the province and the are prepared to have our participation from the standpoint from the broadening of the knowledge base from which the development would take place and the viewpoint which you have expressed saying that they would look forward to a federal crown corporation coming in and doing the job.

Very obviously, the provincial opinion on this differs, but I think the fundamental thing, whether the federal crown corporation is going to do it or a private corporation is going to do it, you seemed to say this morning that you were going to leave the private corporations in business in this area, that we should have a knowledge base. That is what we are talking about. That is the nature of the proposals that I put forward this morning.

My colleague will be talking about the Department of Regional Economic Expansion which will have a particular impact in this area. My colleague Mr. Gillespie will be talking about his approach on further processing. Now, I am sure that they would be glad to pursue this, but it seems to me that really I can't see that there can be any argument against having a full and exhaustive scientific assessment of the kind of resources we have in this country, so those facts could then be used either by a public or private body, for the purpose of developing it, ultimately to create jobs and industrial activity in western Canada.

Mr. Green: Mr. Chairman, I would just like to clarify two points, because, first of all, there has been a suggestion by Mr. Macdonald, there has been an opinion expressed, which I haven't heard, but there was some objection to this form of development. It may be that it goes without saying that there is an objection, but I had not heard it said, around this table, in any event.

Secondly, that I said that I would be prepared to leave the private companies in existence and this precludes a public interest in the field. Well, it does not preclude it. I suggested that private companies that are in existence are part of the Canadian fabric. It is an optional way of developing a resource, but it doesn't preclude another option. I also do not think the existence of a private company precludes the development of a company run by the Canadian people. If I would turn around to you and say because you have suggested it should be done privately, it precludes public development, you would say that that does not follow. And, it also does not follow from my remarks.

Mr. Macdonald: We were talking about establishing the information, I am saying whichever corporations do it, what I was talking about this morning, was developing an information base. Surely there can't be no disagreement there.

Mr. Green: There has been no disagreement.

Prime Minister Trudeau: Could we leave the other part of the discussion until we reach the subject of Mr. Jamieson and Mr. Gillespie, who will be talking about further processing and who will be talking about the various forms of regional assistance and I won't consider this item closed, but I think if we can accept what Mr. Macdonald said as far as it goes, in getting the facts, he is obviously not the Minister who is prepared to engage discussion on these further points.

Mr. Green: Well, Mr. Chairman, I would agree with you except that I think the subject has almost been exhausted and, perhaps with one final phrase is exhausted. That there has been a suggestion that the processing of our resource exports, in an alternative form, be a consideration by the government of a public customs smelting operation which could then take care of that concentrate which is now leaving the country. Then I really think there is going to be a difference of opinion and that it may as well be left with the suggestion that the federal government consider that.

Prime Minister Trudeau: We will have some further things to say on this and you can then respond, if you wish.

Premier Lougheed: Some of the items, Mr. Chairman, are specifically directed to Alberta and I think that at this time we have Mr. Dickie, Minister of Mines and Resources speak briefly on it.

Mr. W. D. Dickie (Minister of Mines and Minerals, Alberta): Mr. Prime Minister, I have one or two observations I would like to make on the federal initiatives.

First, Mr. Macdonald, we are very pleased to know that the federal government will be participating in the energy research institute to be located at Calgary. We believe that the institute can make a significant contribution to the solutions of the complex problems in the energy area. We also think that it is important that from a federal point of view and the other provinces that there is a Canadian institute that is independent, that can do the type of work

that is required to solve our energy problems. We have been pleased with the reports to date, of the discussions that have taken place with the universities, with representatives of the petroleum industry, as well as the federal and our provincial government. We will look forward to progressing in those discussions so that we can establish the institute as quickly as possible.

In the other particular areas, my colleague has mentioned some of the concerns we have on the Alberta coal resources evaluation program. Again, there have been some preliminary discussions, those discussions are progressing satisfactorily and with the reservations that my colleague has mentioned, I think we can pursue those with the idea of a finalizing agreement that would be beneficial to both the federal government and Alberta.

We noted your particular interest in the iron deposits. We would like to draw to your attention that we have the Peace River iron deposits. Through our Alberta research council, we have done extensive research in the iron deposits. We think perhaps at the next stage, we could have discussions with you that would be beneficial, which would be to look at the techniques involved in using those iron deposits and we look forward to discussions in that particular area.

We also noted that you raised the question of research and one of the most exciting assets of Alberta, the one we refer to as our "Crown jewels", the Athabasca oil sands. In that particular area we draw to your attention, certainly for research in the *in situ* process, this would require a great deal of development money for research, and we will discuss that with you as the oil sand programs are developed.

Perhaps in concluding my remarks, I might ask for a clarification of your comments to some of the comments from Saskatchewan, on the proposal of the Mackenzie Valley Gas Pipeline. I wasn't quite clear whether you accepted or rejected in making suggested changes in the consortium approach to that pipeline route.

Mr. Macdonald: Dealing with the last one first, I was referring specifically to the suggestion which I understand the consortium is made, that, in effect, while some gas for eastern Canadian use would be put through Trans Canada, a substantial portion would be really taken out of Canada as quickly as could be arranged by a beeline to the American border and then there would be a connecting pipeline across the northern United States.

I agreed with what I understand is the Saskatchewan view, that on the whole, if this resource is going to take, then the economic benefits and spin-off, should take place—that would take place—should take place in Canada. I am therefore expressing a caveat which I expect may reach the consortium that they might want to rethink that portion of their famous deal of a couple of weeks ago.

With regard to the Peace River iron deposits, we, of course, did have them specifically in mind when we talked about the iron and steel industry in western Canada. We, of course, had in mind a very interesting deposit at Choiceland, Saskatchewan, and we will want

to make a full evaluation of the options that are available here.

With regard to the Athabasca tar sands, of course, it is the primary interest of the province in developing a provincial resource there. We regard it as being important from a federal standpoint, that is to say in terms of planning long range export and energy policies and having reserves available for Canadian needs, that we should know as soon as we can, how we unlock this particular treasure chest, and in particular, how we solve the fact that something like 80 to 90 per cent of the reverse *in situ* requires a special technique in which, in terms of the priority set for research and development in our energy study, you may recall that the Athabasca tar sands is one of the ones to which we gave almost pride of place.

Prime Minister Trudeau: If there are no comments, without closing certain aspects of discussion on this, as I indicated to Mr. Green, I would go on to the other sub-item, "industrial programmes" and I will be asking Mr. Gillespie to lead off on behalf of the federal government and deal with a number of questions which come under that sub-heading today.

Mr. Alastair Gillespie (Federal Minister of Industry, Trade and Commerce): Mr. Prime Minister, Premiers, I think our background paper details some of the work we have been doing and will be doing to assist Western industrial and trade development. I think our programs are headed in the right directions. I also think we can be made more responsive to the needs of Western industries. After all, that is why we are here today. Against that background, I would like to briefly mention some areas I hope we might discuss further this afternoon.

First, industrial strategies for Canada and their application to the West.

We have talked about the question of industrial strategy at both the federal-provincial meetings of First Ministers and of Ministers of Industry. As you know, our approach is geared to national objectives for Canadian industrial development through a coherent set of industrial policies and particular strategies for particular industries. We plan to work with individual industries and provincial governments to formulate these particular strategies.

Without going into great detail, I think a restatement of the six key objectives is particularly appropriate as we consider the future industrial activity of the western provinces.

I think, Mr. Chairman, that I can discern from the discussion already that there is a large element of agreement with respect to the objectives.

Two of the objectives include, first, the development of an efficient processing and manufacturing industry capable of meeting competition at home and abroad, and second, the increased upgrading of our natural resources, prior to export to maximize Canada's economic return.

The importance we attach to these two objectives is reflected in the recent tax cuts to favour further processing and manufacturing and in our whole range of departmental programs: almost all of which are aimed at placing our secondary industries in an internationally competitive

position. Much of our natural wealth lies in Western Canada. Westerners, in common with most Canadians, have a legitimate complaint that they process too little of their own resources in their own area. Increased processing of our natural resources prior to export would yield significant direct benefits to all Canadians—more jobs and better paid ones. This includes up-grading more than just the logs from the trees that we cut and the minerals we mine. It includes further processing of the crops we grow on land and the harvests from our seas and lakes. Greater resource processing, in those areas where Canada can be internationally competitive, would also provide a basis for further forward integration into fully manufactured products. The paper already referred to, the "Processing of Resource Exports" has been circulated to you.

Mr. Prime Minister, the provinces share with the federal government the responsibility for developing a realistic resource up-grading policy, and I hope that we can have further discussion on that this afternoon.

I would like to touch briefly on the other key-objectives with respect to the industrial development of Canada.

The third one I would like to touch on is greater domestic control of the Canadian economy, so as to create conditions conducive to greater entrepreneurship at home and abroad. The western provinces are familiar with the federal government's initiatives in this area, including Bill C-132 which is now before the House of Commons awaiting third and final reading. Indeed, the province of Saskatchewan appeared before the standing committee.

We must reconcile the need for Canadians to have greater participation in and control over their own economy with our continuing need to take advantage of foreign capital, management skills and technology. We believe that the proposed screening agency with its test of "significant benefits" reconciles both of these needs.

The Foreign Investment Review Agency, as proposed in Bill C-132, is an instrument of national industrial policy. But, while the policy must be national, consultation and cooperation with the provinces in this area is essential. We recognize that different provinces have different investment appetites. The provinces will have, through law provided in this Bill a voice but not a veto in the operations of this screening agency.

I might point out here parenthetically that the screening agency is an important tool, I think, in the resources up-grading that we have referred to repeatedly at this conference. I would welcome your comments with respect to the screening agency and its operations.

The fourth key objective, increased national income and to provide for regional economic expansion, Mr. Jamieson will be dealing with this one.

The fifth one, the achievement of the maximum attainable levels of employment to match the current and future growth of the labour force. We perhaps might discuss the particular industries and activities which would provide the fullest possible employment for Western Canada's growing labour force.

Sixthly, as part of the key objectives, industrial development for Canada and an objective to contribute to improvement in the quality of life in all parts of Canada by creating satisfying jobs for Canadians and by reducing the harmful effects of industrial activity on the national and social environment.

Mr. Prime Minister, I mention these only because they are an important background to our discussions this afternoon.

I would like to take the discussion forward now with the second reference I made to a coherent set of industrial policies. Okay, in other words, how do we go about achieving these objectives.

Well, there are a whole series of policy areas that bear on these objectives. I will just run through them quickly, tax, trade and tariff, industrial support policies, manpower, regional development, competition policies, foreign investment policies, resources—minerals, energy, communications, environmental, and, of course, the one that we spent so much time on already, transportation policy.

Let's take two industrial policies by way of example: Our trade and tariff policies and our industrial support policies.

Our trade and tariff policies have been successful, I believe, in encouraging economic development in all the regions of Canada including the western provinces. Year over year total Canadian exports to all markets this year are up 25 per cent. The greatest increase in the last twenty years. Exports to the major Pacific Rim countries of China, Japan and Australia are up 63 per cent in the same period. I suggest to you, the positive impact of federal trade policies is reflected in both the growth and the diversification of Western Canada's external trade.

Multilateral trade negotiations in the GATT are expected to begin next year. The negotiations will cover agricultural as well as industrial products. We hope to get, as a result of these negotiations, better access and gain improved export opportunities for western agriculture in grains, oil seeds, and livestock. We expect, also, that the reduction of tariff and non-tariff barriers in our exports of processed products and manufactured goods will complement the objective of resource up-grading I mentioned earlier.

In your paper, I would deduce that some of you feel that we should enter into a free-trade on a bilateral basis with the United States. Certainly other spokesmen from the West have referred to this objective. I would suggest to you that the main Canadian thrust should seek liberalized trade on a multilateral basis. The multilateral negotiations should result in significantly improved access for Canadian products, not only in the United States market, but also in other important markets including the enlarged EEC and Japan.

One of the techniques we intend to explore in these negotiations is the question of free trade in vertically integrated commodities sectors; for instance, let's take a mineral through to a fabricated metal. We would like to explore the possibility of negotiating better access in each of the stages, from the basic ore, concentrated ore,

melted ore, refined ore and up to fabricated metal—each stage of the upgrading process.

I have announced that we will establish the Canadian Trade and Tariffs Committee later this year to obtain the views of all the interested parties. Given the importance of these negotiations to Western Canada as well as other regions, direct federal-provincial consultations are necessary. I have already written to provincial Industry Ministers suggesting a formal arrangement for consultations and perhaps you might like to comment on this item as well.

Now, to turn to the question of industrial support policies. Well, what do I mean by industrial support policies as they affect Western Canada. I am talking about policies which will help the new firm to get established or the small firm to grow bigger.

These policies include programs such as those to promote greater productivity, export market development, rationalization, research and development and to assist small business.

These support programs are geared mainly to our processing and manufacturing industries. There have been complaints, I know, that over 80 per cent of my Department's program expenditures are made in the Central Provinces. This is approximately correct. However, over 80 per cent of Canada's present manufacturing activity is in Ontario and Quebec. Western manufacturing activity has been expending at a higher rate than the Canadian average, but still represents under 17 per cent of total Canadian manufacturing activity. However, I would remind you that the funds under our programs, are not allocated geographically. We respond to all reasonable proposals. When western businessmen submit more proposals, they will certainly receive more assistance.

I would like to clearly indicate, we are trying to make it easier for them to submit such proposals.

The Department of Industry, Trade and Commerce would like to see continued expansion in Western Canadian secondary industries, in volume as well as in per cent of the nation's total. We would like to have more opportunities to put our support and marketing program to work in western Canada. I would welcome further discussions in this regard.

One area, I think, requiring rather special attention is the establishment and expansion of small business.

Earlier this month I announced our intention to establish an independent Crown corporation, the Industrial Bank and Development Agency. This Agency would provide the owner-operators of small business in Canada with a new integrated service, providing: First, information on available assistance from public and private sources; second, management counselling when needed; and third, financing when it is not available elsewhere on reasonable terms and conditions.

The establishment and expansion of small business is key to the future industrial and commercial development of the western provinces. Obviously, many of tomorrow's large industries will come from today's small businesses.

The appended background paper more fully describes IBDA, but I would like to highlight one point: The regional autonomy of this agency.

As you know, the IBDA will be built on the existing strengths of the Industrial Development Bank and its 54 branches. It will not be a part of the central bank as the central IBDA. It will have its own Board of Directors, regional advisory councils, and will report to Parliament through the Minister of Industry, Trade and Commerce.

I might mention that the IBD has had its critics but it has served Western Canada well. For example, over 45 per cent of the Industrial Development Banks business was in Western Canada, including 32 per cent in British Columbia. Some might suggest these figures indicate the shortcomings of our other financial institutions, but I prefer to think they show the promise of continuing sensitivity to western needs by the new agency, the new IBDA. It is also worth emphasizing that, significant to our pursuit of decentralization is the fact that over 97 per cent of that bank's decisions have been made in the region of application and not at head office. Secondly, that over 99 per cent of that bank's business, IBD's business is with Canadian controlled enterprises. These figures, I think, clearly indicate that the IBDA, the new agency, will be regionally responsive to the needs of Canada's western small businessmen.

To the existing IDB's financing services will be added management counselling and information services of other departments, including the highly successful Counselling Assistance to Small Enterprises, the CASE program. The legislation to create the new agency will take some months, but the Counselling Assistance to Small Enterprises program will be immediately expanded. To the existing pilot project in Winnipeg will be added CASE programs in the Regina and Vancouver areas and another is under consultation and negotiations with the Province of Alberta.

Now to the question of decentralization. The proposed IBDA will provide assistance in the area where the business is being built or being done. However, we in our Department will do more to bring our other forms of assistance closer to the western businessmen.

One way is the continued strengthening of our regional offices. Another important way is to give our regional officers greater autonomy in making decisions on whether or not proposals from their area will be accepted.

Mr. Chairman, we intend to do both to beef up the regional offices and give them greater autonomy in such areas as the provision of grants for industrial innovation and trade development, productivity programs and industrial design programs on a regional basis.

As a first step, I have given instructions that our regional offices will be given the authority to make final recommendations on applications for grants of up to \$200,000 under our Program for the Advancement of Industrial Technology, the well-known PAIT program.

As you know, the PAIT program makes grants to Canadian industries for the development of a new product or process which appears to have commercial potential. In the last five years PAIT has paid out over \$13 million to firms in Western Canada, part of over \$47 million spent

on our industrial assistance programs in the West during that time. Through this new approach we intend to make PAIT, and other programs, substantially more responsive to the immediate needs of western manufacturers.

One example of the strengthening of our local operations is the fact, that each of our western regional offices will have tourism specialists to work with provincial officials to maximize tourist development throughout the West.

Decentralized authority and stronger regional offices, to communicate what is available and make decisions on what is spent, are innovations which should be of great assistance to western businessmen.

Centres of expertise or centres of experts as raised in your papers. Here again we are responding I think positively and in a constructive way. We are helping to finance centres of expertise in business and technology. I want to give some examples, the creation of new centres of expertise in such specialized fields as oceanography, the facility in B.C. with respect to ocean engineering, in respect to sulphur utilization with the Province of Alberta, and food processing discussions are under way with the University of Manitoba.

We are also, of course, involved in joint international studies to take advantage of scientific and technological advances in respect to the West. They might include such things as pulp and paper, equipment, transportable housing, and oceanographic equipment.

Western business and management schools will be further assisted. A new centre of expertise under the program for Development of University Studies in International Business will be established at the University of British Columbia.

A new Management Advisory Institute, contracting research for private firms on business and management problems will be established in one of Alberta's schools of business this year.

Negotiations are underway with the Province of Saskatchewan for the establishment of an Industrial Mineral Centre, one of the centres of advanced technology. In fact, I believe those negotiations were advanced during the luncheon break today.

The establishment of an Industrial Research Institute at the University of Manitoba is also in the final stages of approval.

Mr. Prime Minister, to conclude may I say that the primary and principal responsibility of my Department is to assist industrial and commercial development in all parts of Canada.

We are giving every possible consideration as to how we might better assist and be more responsive to the needs of the West. Our previous consultations, I think, find us in common agreement on at least four essentials to better service. First, we will give greater support for Western industrialization. Second, we will continue to develop new programs to encourage "centres of expertise" which take advantage of the economic opportunities of particular western regions. Third, we will continue to establish a greater degree of what I might describe as on-the-spot

decision-making power in the administration of our departmental programs. And fourth, finally, we will continue to improve the mechanism for consultations with the provinces on new policy and program initiatives.

These are some ways in which my Department will assist western industrial and trade development. I think we're on the right track, as I have already indicated, and I would welcome comments and suggestions from the provinces.

Prime Minister Trudeau: Thank you Mr. Gillespie. Mr. Schreyer.

Premier Schreyer: Mr. Chairman, I would like to begin the discussion by responding on behalf of my colleagues in respect to Mr. Gillespie's opening statement. Those who have looked at the western provinces' submission on the operations of the Department of Industry, Trade and Commerce and its programs will see that it contains a straightforward summary of Western Canada's concerns with respect to the need for industrial expansion.

We attempt to outline in our papers several areas where we feel improvements can be made. We welcome Mr. Gillespie's assurances that the Department of Industry, Trade and Commerce will be used to bring about a better balance in terms of future industrial development and expansion, but so far all of the evidence we feel we have documented here would tend to indicate that thus far at least the programs of that Department have failed to meet the objectives implicit in all that has been said so far.

In my opening statement to this Conference yesterday, Prime Minister, I noted that data for 1971-72—for that matter data for the past four or five years—shows that only about eight per cent of the federal industrial assistance loans, loan guarantees and grants were received by firms operating here in Western Canada. And approximately 87 per cent went by way of grants and other forms of financial assistance to the already heavily industrialized provinces of Ontario and Quebec, and this eight per cent was the average.

Under some programs the firms in the West, or based in the West, received nothing at all though in others its share was somewhat higher than eight per cent, but in no case anywhere near the 25 per cent that would be fairly proportionate to the population in Western Canada, and proportionate to Western Canadians' efforts to establish a better industrial base.

In our joint paper, we also made the point that far too much of the Department of Industry, Trade and Commerce assistance has been directed towards what one could call multi-national firms. In some cases the figures are rather startling.

I think most Canadians would be concerned by the data we have collected, and rightly so. For example, I wonder if many people are aware that foreign controlled companies in the defence production industry received some 70 to 80 per cent of the assistance provided by the Government of Canada, to industries of this type, and therefore it should be noted that some 40 to 50 per cent of industrial research and development, and industrial technology advancement support also was directed by the

Department of Industry, Trade and Commerce to multinational firms.

Quite apart from the foreign control aspect, which is not central or centrally german at this time, the statistics in our paper, apart from that, show that much of Industry, Trade and Commerce industrial assistance has gone to what one would have to describe as very large corporations rather than to small or even medium-sized businesses that may be indigenous to Canada or even to Western Canada.

Now, Mr. Gillespie said that the Department of Industry, Trade and Commerce distributes research and development grants, technology assistance grants on the basis of the number of applications received from different parts of Canada. But I can think of a number of cases where firms in Western Canada have in fact applied for industrial assistance, technological assistance grants, and have been turned down.

I believe that because federal assistance programs of this type have not been designed to promote regional development, that has not been the principal concern. Instead of helping small and medium-sized businesses to establish themselves and to grow here in the West, these programs have concentrated mainly on helping large firms in Central Canada to increase their already impressive capacities. And I believe this is particularly true insofar as steel production is concerned, and I know that there is a good deal of logic which would tend to show that in future years a much larger steel production capability should be established here in the West. Many factors tend to indicate that this should happen, but on the other hand one wonders whether it will happen given the fact that we have had recent announcements during the last two months of major large-scale steel production expansion in the golden triangle.

The same is true with respect to aircraft manufacturing which in the Canadian context is completely restricted or confined to the areas of Toronto and Montreal.

Our four provinces believe that the federal policies which led to this situation must be altered so that Westerners can take advantage of the numerous industrial development opportunities in our region, especially in such fields as food and beverages, electrical and wood products, petrochemicals, agricultural machinery manufacturing, metal fabricating, and so on.

In order to assist our four provinces to achieve this better industrial base, we feel that federal assistance programs should be altered substantially, first to direct more funds to the West for purposes for which these programs are already in existence, and secondly to make these programs more accessible to western businessmen, especially those in rural and northern areas, and in the regional centres that exist in Western Canada, centres which have an obvious development potential, and, thirdly, to decentralize decision-making by strengthening regional offices and by permitting provincial governments and local organizations to participate in planning initiative which will affect it. Because the western provinces attach such a high priority to greater industrial expansion, we were discouraged and understandably so, I think, by the federal government's background paper on industry and trade

development which was released prior to this Conference, and by the announcements made today.

The federal paper suggests that the West has gained considerable benefit from ITC programs but I believe it has failed to offer convincing evidence of these benefits, and certainly no evidence to refute the figures which are contained on page 9 of this submission by the western provinces.

These figures amply illustrate the case we are making, that there has been a very negative disproportion in the availability of funds for industrial development in Western Canada.

Now it may be that the response to the point I am making will be that the Government of Canada intends to redress this imbalance by means of a heavier utilization of programs and funds to be made available through DREE.

My contention is that the Department of Regional Economic Expansion will have to be very active and very effective merely to keep things on a treadmill, merely to keep up with the growing disparity and imbalance that is caused by the impact that is brought about by the Department of Industry, Trade and Commerce.

Mr. Prime Minister, a number of provinces in Western Canada have found it necessary to become involved in providing relatively high risk industrial development assistance because in the past there has not been available sufficient federal inputs. Given this fact of an ever-increasing high risk position taken by provinces in Western Canada in the past, one wonders whether a commitment by the Government of Canada to cost-share in some of our existing development ventures might have been more appropriate and helpful than modifications in an existing agency whose past record in helping the West at least up to now has not been particularly impressive.

Mr. Gillespie: Oh, Premier, come on.

Premier Schreyer: Well, Mr. Chairman, I do want to acknowledge the indications that the federal Department of Industry, Trade and Commerce will engage in some form of joint development planning with the provinces, will perhaps direct some more funds to the West and will endeavour to make its programming more accessible to small business.

There is perhaps some inclination on the part of federal colleagues to think that I am overstating the case, but I invite them to take a very detailed and close look at the data which we have marshalled together and which is contained on page 9 of our western provinces submission. And if this data can be shown to be inaccurate or misleading in what it purports to show, then I will withdraw or retract some of the points of my remarks. But if this data is basically correct, then it does stand in itself as proof that up until now at least there has been an imbalance in the efforts made by the Department in terms of regional development.

Prime Minister Trudeau: Any other comments?

Mr. Getty, Alberta.

Mr. Getty: Mr. Prime Minister, I just wanted to take a moment to respond to Mr. Gillespie's comments regarding any suggestions. Premier Schreyer has presented the western view very well and I endorse what he has said.

I would like to suggest to Mr. Gillespie that in the federal paper which he has presented and the comments that he has presented today, there is a thread through it which we find perplexing.

Mr. Gillespie mentioned that 80 per cent of the money is going where 80 per cent of the manufacturing is, and therefore 80 per cent of the manufacturing is going where 80 per cent of the money is going, and that situation in the past, which Premier Schreyer has illustrated, has in fact actually led provinces to come up with a method of combating the situation, so we have developed throughout the Western Provinces the certain risk capital organizations.

Now, the point I would like to make is that these organizations are there. They are in existence in Alberta. We have two. I know the other provinces have some as well. We have the Alberta Opportunities Fund. We have the Agricultural Development Fund. I draw your attention to your comments at the bottom of page 7 of your speech. That is, you mentioned that the IBDA will not be part of the central bank. Neither are our organizations part of the central bank. It will have its own board of directors. Our organizations will also have their own board of directors. They have regional advisory counsels, the IBDA. So do our organizations. Yours report to Parliament through the Minister of Industry, Trade and Commerce. Ours report to our legislature through our Minister of Industry and Commerce.

The point I am making is that we can't have two industrial development programs going on in a province at the same time without a tremendous amount of co-operation and consultation.

Your announcement on the IBDA, to the best of my knowledge, was not in any way moulded into, or even explored the possibility, of moulding into the existing organizations in the Province of Alberta, and we would like to urge you that as we develop, we certainly support your increased assistance for western small business, but as we develop that assistance, that it be done under the very closest cooperation, because surely we cannot, and we will not accept programs which will be operating sometimes in conflict, but definitely not in close cooperation with those which we ourselves are operating.

Other than that, I would only have one other comment at this time. I am sure Mr. Peacock, our Minister of Industry and Commerce, will want to discuss the matter in further detail as we progress, and that is the use of the word 'will' in the Management Advisory Institute which will be established in one of our Alberta schools of business this year.

I was wondering about the degree of acceptance or consultations that has reached to use the word 'will'.

Mr. Gillespie: Those were not my words, Mr. Getty. I agree that it was what the text said, but if you were following my words rather than the text you would have heard a different version.

Mr. Getty: Perhaps I should have, because the word had already distracted me in your text, but while we would appreciate discussing it, and I am sure the Minister of Advanced Education will want to discuss that kind of advisory institution in cooperation with Mr. Peacock, we aren't sure how it would fit into the existing Alberta scheme of things. We want to do a lot of checking on that before we accept it holus-bolus in our province.

Also I wouldn't mind some reaction as to why we haven't had this greater consultation before the development of your IBDA announcement.

Prime Minister Trudeau: Shall Mr. Peacock take the floor at this point?

Mr. Getty: I was kind of hoping for a response, Mr. Chairman.

Prime Minister Trudeau: Well Mr. Gillespie is noting the various points made by the various delegates. Do you want to—

Mr. Gillespie: I have a fair list right now.

Prime Minister Trudeau: We will call on Mr. Gillespie.

Mr. Gillespie: The first point I think it is very important to make, is that if we are going to get into an argument about the percentages of support, then you really should go back to the basic point, what percentage of federal government programs, assistance, spending, is the West in benefit of? And I think you will find that the West benefits pretty well almost exactly according to its percentage of the population of the country, that about 24 per cent of all federal support one way or the other goes to Western Canada which has two of the "have" provinces.

That's the first point. I think it's worth making.

The second point is that the programs of my Department are responsive programs. They respond to a demonstrated need and application on the part of a business for some form of support.

They are not programs which are aimed at initiating ventures which do not yet exist. That's something which you might like to raise with the Minister of Regional Economic Expansion under the DREE programs.

I think that some of the provinces of Western Canada have experimented with setting up businesses themselves. This is not—and with perhaps rather indifferent results in some cases—this is not the role of the Federal Department of Industry, Trade and Commerce. It is to respond to particular industrial needs, demonstrated needs, and I think the best example I can give you is the PAIT program, the Program for the Advancement of Industrial Technology. This does, in fact, in terms of the funds allocated, reflect the manufacturing situation of Western Canada at the present time as part of the total. 17 per cent of the funds have gone there to firms already in business who are anxious to take advantage of these programs. Now, I am not saying that I am satisfied with that, or the Government is not saying that we are satisfied with that, we are saying that we want to do everything we can through a variety of techniques, to build the

industrial base, to increase the manufacturing and the processing industries of Western Canada. They are not going to be done just with R and D programs, they are not going to be done just with tax policies, they are not going to be done just with transportation policies, they are not going to be done just with trade and tariff policies and the new negotiations, or communication policies or the other is that I gave you. There are a whole series of policies that have to be brought to bear, to assist the West and indeed other parts of the country to industrialize in a modern and competitive way. So I reject the rather selective treatment, Mr. Schreyer, which you have given to the figures here. When you have a program for the defence industry, it shouldn't be surprising to you that most of the funds for this industry would go to firms in Ontario and Quebec, when there aren't any firms, or very few firms in the defence industry of Western Canada. If we can help sustain them and build them, we will, but I think that is what you should look at.

You know, we have a program with respect to shipbuilding assistance. Now, that has got a regional impact. It may not have much of a regional impact in your part of the world, but it does have a regional impact, and it is aimed at assisting the shipbuilding industries on the Great Lakes and on the two coasts of Canada to compete internationally. You suggested, I thought, somehow or other that the West had come out second best with respect to the loans of the Industrial Development Bank. I may have misread you, but that is the way it came across to me. Did you?

Premier Schreyer: Yes, I think that of all the programs under your department, that industrial development loans perhaps show up best, but even that one is disproportionately low.

Mr. Gillespie: Well, when you say disproportionately low, wouldn't you accept that over 45 per cent of the loan funds go to Western Canada, that that might be argued in some places as not only fair, but perhaps even disproportionately high. I am not arguing that it is disproportionately high, but I do take issue with you when you say it is disproportionately low. I think that is completely misleading the statistics. You know, I think that B.C. has probably done best, and I think Mr. Barrett would probably like to comment on this. Thirty-two per cent of the loans of the Industrial Development Bank has gone to his province. So I think we should look rather hard at the figures, and look more particularly in behind them. Now, as to Mr. Getty's point on moulding, the announcement of this new institution, it seems to me he might have been suggesting that we should have somehow or other merged with an existing provincial institution. I am not sure whether that is what he had in mind. Is that what you had in mind?

Mr. Getty: Not necessarily a molding, into one of ours but certainly in conjunction in some way with ours. We wouldn't mind if there was some kind of a joint board of directors who might deal in some way on an industrial development basis. But certainly, no longer, almost in

opposition or outside of our consciousness as you proceed with the program.

Mr. Gillespie: I don't see it as being competitive, and I would agree with you that cooperation would serve the interest of both parties, but I think we have got to recognize that the IBDA is a national institution. It is concerned with providing services across the whole of our land. That doesn't prevent it though, from operating in a cooperative way, and I would expect that there is no reason why it couldn't. But I don't think that we should leave anybody with the suggestion that it somehow could have stepped back and said to the province, this is something that you should take over, because that, I don't think, would meet the national needs of the instrument.

Mr. Getty: Well, just to comment on that, Mr. Gillespie, through the Chair, my feeling would be that it would have been helpful had you been able to make a visit to our officials, to advise us of the contemplated announcement, perhaps, or even that it was being developed and seeing how it might have been worked into the Alberta organizations in some way, some cooperative way. We are doing that in other areas with the federal government, we think it could easily have worked here.

Mr. G. V. Lauk (Minister of Industrial Development, Trade and Commerce, British Columbia): Thank you Mr. man, I just wanted to make two comments. One of a general nature and one with reference to tariffs, as Mr. Gillespie was referring to in his opening remarks. First of all, the general remark that I would make is this. I feel that Premier Schreyer is making the point that perhaps IT & C should become involved in regional development in some of its decision-making. I recognize with some satisfaction, that the new IDB will have decision-making authority in regional districts. We hope it is not a token effort, we hope that the effort will be sincere, and that this decision-making authority reflects a sympathy with the regions involved. But the department, I feel with respect, should become involved regionally. I think that there are certain red lights that you must go through nationally in terms of regional development and when you mention that we get federal cost sharing in this area, according to our population, I don't think it is a fair analysis. I say, what you should do, is to look to the region, and look where industrial developments should take place, and has not taken place. And I would support Premier Schreyer's remarks in that regard. And further, British Columbia would support Mr. Getty's remarks in that we hope that there will be full cooperation with federal organizations in the provinces between our organizations that are doing largely the same thing. We feel it must be complimentary, because at some time, we may be doing the same thing at the same time, and if we were working together, we would save time and money.

Now with respect to tariffs, there was some detail in our paper with respect to tariffs and commercial policy but we feel there is an unrecognized transfer payment to Central Canada of approximately 200 million dollars per year, and we would ask that you pursue a policy of selective tariff revisions designed to favour the western

provinces in keeping with this role that I suggest. British Columbia is happy to have received your letter, and we will participate fully in making suggestions for the new GATT negotiations. One point that has been raised with me from our province that I wish to raise, is an example of the kind of tariff revisions that we're looking forward to. For example, plywood. We understand that recently, American plywood manufacturers are dumping, for want of a better word, a lot of plywood in Central Canada and that the tariff difference should be reviewed soon. Into Canada, there is only a 10 per cent tariff, the U.S. imposes a 20 per cent tariff. I understand that we were at one time, 15 to 20 per cent. This is an example of the kind of selective revision that should be responsive to Western needs on a current basis, and the kinds of things that I am sure we will be talking with you about when this federal-provincial committee on tariffs is formed.

Mr. Gillespie: Are you talking about increasing Canadian tariffs on plywood, or trying to persuade the Americans to lower theirs?

Mr. Lauk: Either way, it is the same thing.

Mr. Gillespie: I am not sure it is.

Mr. Lauk: What it does, is it protects our plywood manufacturers, and that is my interest.

Mr. Gillespie: Well, I wanted to find out whether your approach was a protectionist one, or whether it was more towards the free-trade or liberalization side. We may have been on different sides of the street here. The position that the Government has taken is that we think that the next round of talks, we hope that they will get under way this September, will be towards trade liberalization rather than to protectionism. Protectionism, I think, means higher tariffs.

Mr. Lauk: Well I had hoped to avoid those—

Premier Lougheed: Are you moving to that subject now?

Mr. Gillespie: I'm only responding to the Minister opposite.

Prime Minister Trudeau: We will take tariffs as a special item.

Mr. Lauk: I was raising that as an example only, but I hope that we would get into this discussion, we don't take that extreme language, we use it in terms of what our, what industries we would want to protect, and what industries would do well in a freer situation.

Premier Barrett: In other words, whatever is in our favour, I think is the way the Americans approach it too.

Prime Minister Trudeau: Well, we are going to the sub-item fisheries next, and then tariffs after that, so perhaps we could hold that aspect of the discussion. Do you want to take tariffs now? It would be very easy to reorder the discussion. We have covered this aspect of it. We can ask Mr. Lougheed to lead off on tariffs on behalf of the provinces.

Premier Schreyer: The exchange of views is taking place now on IT & C, and I don't believe we finished that, by any means.

Prime Minister Trudeau: Have you finished British Columbia?

Mr. Lauk: Yes, I have for the time being.

Prime Minister Trudeau: Premier Blakeney?

Premier Blakeney: I will make a few very brief comments and then ask Mr. Thorson to make one or two more. This whole matter of the Department of Industry, Trade and Commerce, we deal with a certain detachment since the department rarely impinges upon the life of Saskatchewan. As the figures indicate, in the last four years of the some 400 million dollars that the department has paid out, I've done a rough calculation here, I think it is a 20th of 1 per cent has gone to Saskatchewan, and unless anyone feels that that has a political bias, 39 of those months were under a previous government, and nine of those months were on the current government, and it hasn't made any difference. We do feel that the programs of the department are very heavily responsive as the Minister indicated, and there were just two aspects that I wanted to comment on briefly. In our judgement, the department has favoured in-house research by industries and perhaps that is sound judgement on the part of the department. But on occasion, the department has funded research agencies outside industry, and my list of the industrial research institutes that it has funded, includes ones in Windsor, Halifax, Hamilton, Montreal, Waterloo, Guelph, and Toronto, and that doesn't sound like a real effort on the part of the department to break out of Central Canada, and to have industrial research outside the central heartland of Canada. Admittedly, most of the in-house research will be in Central Canada, because that is where the industries are. But if there are institutes to be funded, some of them presumably could be elsewhere in Canada, as the promotion of future industry rather than as an adjunct to existing industry. Now, that was one point.

The other point I wanted to make was one which may more properly arise under another heading, but I would like to raise it now, and that has to do with whether or not the Department of Industry, Trade and Commerce should be a regional development department, and the recognition of the fact that its programs have an impact on regional development in any case, whatever stance the department takes. And accordingly, whether or not the department is in the business of regional economic development, I would hope that its programs would be tuned-in to regional economic development, either by the department itself or by the Department of Regional Economic Expansion acting as a coordinator. And our previous discussions with DREE indicated that it might be in a position to undertake the role of coordination of federal government departments which have a major impact on regional economic development, of which one it IT & C. I was here seeking a qualification of whether or not that is the intention of the Government of Canada. It needn't be given at this moment, but if that question could be taken as notice, I would be very happy to have a response as to

the role which DREE will play in the coordination of the operations and programs of federal government departments, which undoubtedly have an impact on regional economic development. And perhaps Mr. Thorson would like to add some more particular comments.

Mr. Thorson: I will be very brief, Mr. Chairman, I want to say, so as to put the good news first, I suppose, that Saskatchewan will be very pleased to participate in whatever formal arrangements we can make for consultations between the federal government and the provincial governments on trade and tariffs. And since so many of the products of Saskatchewan find their way into international markets, naturally we were very concerned about this, these negotiations, and we were very pleased to have his invitation and we look forward to cooperating in setting up the formal meetings of consultation between the federal and provincial agencies.

Some of the other news from Industry, Trade and Commerce is not so good. When Mr. Gillespie says that the programs of the department are not geographic programs, I think clearly we all feel in Western Canada, that they have an impact on the regions of Canada, and in that sense, they are geographic, and in the sense that they tend to accentuate the industrial development, which has already occurred in some parts of Canada, and to that extent, they put regions like much of Western Canada at a disadvantage, and we are very apprehensive that with the best intentions in the world, and with the best efforts on the part of the Department of Regional Economic Expansion, it will hardly be able to overcome the combined weight of what is already in place in private sector and the assistance of the Department of Industry, Trade and Commerce to those areas in Canada that already enjoy the most advanced industrial and manufacturing development.

So, we are very concerned and very apprehensive about the impact of the programs of the Department of Industry, Trade and Commerce. And I say that as a general comment in response to the invitation.

On the matter of the new Industrial Bank and Development Agency, I think I should like to get two things cleared up, if I can. One has already been raised by Mr. Getty.

We would like to see some way in which there can at least be consultation, or some cooperation or coordination between the provincial agencies that are really in the same field, and this agency, so that we don't get at cross-purposes, and so that we don't waste manpower and effort by duplication.

I would also like to know, if it is possible to say at this stage, whether or not the new agency contemplates taking part in investment by way of equity participation; or will it simply be confined to lending in the conventional sense? Because that again, I think, has some implications for our own provincial programs in all of the provinces, certainly in the Prairie Provinces.

Prime Minister Trudeau: Thank you, Mr. Thorson.

Mr. Peacock, Alberta?

Mr. Peacock: I, as general comments, must agree with what Mr. Gillespie said in support of his statement.

I was very pleased to hear him say that he was responsive; and also that the program of industrial development in Western Canada wasn't just sorted out into programs.

I think we must agree that it is people, and it is on two things that I would like to emphasize, if I may: one that my colleague, Mr. Getty, has touched on, and that is the necessity of co-ordination and co-operation between the provinces and the federal government.

ITC, historically, as far as the Province of Alberta, in my experience, is concerned, being some twenty-two hundred miles away from base, has been very insensitive, and unresponsive to the programs and problems that we experienced in Alberta in regard to the ITC programs. And I would suggest that we would have—or that the Minister might consider an Alberta desk, or a provincial desk in Ottawa, that would have some direct line of communication besides beefing up his department within the provinces—of having some sensitivity to these programs that are taking place within the province, and back to Ottawa, so that they could be acted upon.

The other area that I was interested in hearing him say about being responsive was in the area of the new concept in the Industrial Bank Development Agency.

If this bank is now more sensitive in the risk areas, and does some of the things that we, the Western Provinces, have found inadequate in regard to the financial institutions and small companies. We have examples right in front of us of some twelve local firms in recent months who have applied for ITC loans, and their applications did not conform with the ITC book of rules, and they have all been turned down because either there was too much risk, or too production oriented, or too market oriented, or too much help from the provinces, or not enough, or for one reason or another. And they cover not only a very important segment of our development in processing in Western Canada, which is agriculture and food processing, and the beef cattle, and egg processing industries, but also extend on into smaller industries also.

So, I read with some concern in the Industrial Bank and Development agency, and suggest that this agency must be prepared to finance relatively high risks, new manufacturing ventures. Therefore, that comes in, once again to the kind of people that are established within the provinces, that are responsive to these kinds of programs.

I think that it is all very well for us to talk about give-away dollars, or handouts, or anything else, or any other programs. But we have those kinds of people who are identified with and tied in to the programs that the provinces have. I don't think that we will have an effective federal-provincial relationship in the IDB area, or in the ITC area, for that matter.

I can't more emphasize the importance and lack of communication. If there is any alienation, as far as I am concerned as a minister, and Western Canada is concerned, it has been identifiable in this particular area.

So, I just leave that with you, Mr. Gillespie, because I think it is most important in stamping and beefing up your Department, and directing communication into a provincial desk or regional desk in Ottawa.

I would make one other comment in regard to most of the research programs that you have. Naturally they are going to be identifiable in Eastern Canada where the heart of industry is. But our experience, once again, out here, has been one of confusion and frustration, in paper, and bureaucracy, in attempting to get through some of these programs that are very worthwhile programs, and could be very effective in Western Canada, if we could once communicate and put them into force.

Mr. Gillespie: A couple of points, before responding to Mr. Peacock, I would like to respond to Premier Blakeney's point on research and development, and the options that the federal government has in supporting new ventures.

I share his concern, I agree that we need to do more. I think that we have clearly indicated that we are going to do more, more than indicated; I think that we have given a quite clear commitment that we are going to do more, in a number of ways, including the contracting out of research. I can well remember the debate, Mr. Richardson, in the Cabinet, and I think that that decision reflects his input at that time.

But more than that, I would just like to mention to you that the Industrial Research Institute that I refer to in my remarks for Manitoba, the Food Processing Research Operation also for Manitoba, which is under negotiation; the Minerals Research Centre, the Centre for Advanced Technology, which is under negotiation with your province.

I think that these are all clearly—as you add them to those that have been mentioned by Mr. Macdonald, by the Ocean Research as far as BC is concerned, the BC Research Institute, and all of these, incidentally, are very much federal-provincial—federally-provincially worked out programs; not something that the federal government, in its wisdom, has decided is necessary, but programs that have been worked out on joint basis.

I agree with Mr. Blakeney that more needs to be done, and I think he will agree with me that we have made an important start in that direction.

Premier Blakeney: Well, may I just have one brief interjection. The start in Saskatchewan was \$440,000 over seven years, and that's a little less than \$70,000 a year. While I acknowledge that it is a start, I won't acknowledge that it is an important start.

Mr. Gillespie: Mr. Chairman, I am not going to ask Mr. Blakeney to alter that particular word, so I would like to deal with Mr. Peacock's point—though I don't accept the fact that it is not an important start. I think it is a very important start, because we are talking about the future, here, we are not talking about the past.

Now, on Mr. Peacock's point putting emphasis on people, I don't think that there is any problem there. He and I are both on the same wave-length. No program is

going to work unless we do place the emphasis on people. That's why we have adopted a new regional approach in IT & C. The beefing up—I have used that phrase, I think, of our regional offices, and the greater decision-making power accorded to those offices. I think that that is important.

I think it is also important that we understand what the new agency, the new Industrial Bank and Development Agency is all about: it is placing emphasis on people, not just on dollars.

It is adding a people dimension through the consulting services which were not there before; and I think that he would agree with me that certainly, the studies that we have undertaken, certainly the studies that I have seen, that the people problem, the management problem with small businesses is a larger problem, in most cases, than the financial problem. That's why we are putting it together.

I see Premier Lougheed agrees with that position, as well.

As to the idea of an Alberta desk, well, it almost sounds as if you are suggesting that we reverse ourselves, because we are placing greater emphasis on field officers and regional offices in Alberta; and you seem to be suggesting that we be more centralist.

Well, maybe we can work out a solution here which would serve both our interests. I think we can, because in giving more importance to the regional officers and regional offices, we will be setting up a regional office in IT & C in Ottawa, which will be concerned with the regional impact of our policies.

Prime Minister Trudeau: Premier Schreyer?

Premier Schreyer: Perhaps the discussion is focusing down to relatively a fewer number of items, I don't know, but I have the very distinct impression that Mr. Gillespie is sort of fatalistic as to the distribution of industry in our country; that because there was a certain pattern of distribution to industry, that the programs of this department, because they are application responsive, as he puts it, that therefore the proportion of funds made available by the Government of Canada will continue to be in that same certain proportion.

Well, I don't want to argue the point as to whether the terms of reference of the Department of Industry, Trade and Commerce should be such as to make the department always application responsive.

It seems to me, Mr. Chairman, that directly or indirectly, what the Department of Industry and Commerce does will affect the distribution of industry in our country. And if we want to say that the function of this department is not to be one of actively interceding insofar as future industrial development is concerned, then we can only conclude that unconsciously, the effect of the department will be to offset the efforts of the Department of Regional Economic Expansion.

I am advised that in the last fiscal year, approximately \$150 million was disbursed through this department, through the various industrial assistance programs. Well, if the effect of that \$150 million is such that it goes

primarily to those parts of Canada where industry is already heavily established, it more than offsets the effect of the Department of Regional Economic Expansion which disbursed approximately \$100 million in attempting to reduce regional disparities vis-à-vis industrial development.

So I am wondering if we are to conclude out of all this discussion that necessarily, this Department has to function in an application responsive manner. If the answer is yes, then we can only conclude that the best that DREE can achieve is not to reduce regional disparities, but to do its very utmost to obtain a treadmill effect, no obvious or perceptible change taking place within the pattern of Canadian Confederation and Canadian industrial development.

That's a pretty negative and fatalistic kind of conclusion to draw, but it seems to me to be an unavoidable conclusion out of all that has been said this afternoon.

I do believe that insofar as the various programs are concerned, that Mr. Gillespie's examples merit closer scrutiny. He said that the IDB did extend loans in a way that was quite proportional to population; that in fact it was disproportionately high for Western Canada. That may be true insofar as the IDB is concerned, if one looks at British Columbia and Alberta only. Nevertheless, my statement is also partly correct. Mr. Gillespie's is partly correct, and so is mine; but insofar as Manitoba and Saskatchewan are concerned, IDB loans have been disproportionately low, relative to population.

I don't want to make too much of that point. I go on to mention that in the case of Export Development Assistance, Export Credit Insurance, Export Financing, that the efforts of that particular agency vis-à-vis the Prairies has been practically a non-existent effort. And yet, it has to be said that we do have firms existing in the Prairies that do engage in exporting, and some on a fairly significant scale. But for the most part, they do so without the benefit of a program that exists and has an application elsewhere in Canada.

Mr. Gillespie mentions that shipbuilding assistance is something that is obviously going to relate to those parts of Canada that are at tidewater. Well, that certainly is undisputable. No one argues that. But when he mentions defense production, I am not aware that there is anything about defense production that causes it to be geographically fixed or predetermined.

I accept the fact that history has dictated that defense production industry is located in Central Canada; and frankly, we have no expectation that that will be changed, nor are we asking that be changed. Insofar as ordnance and munitions production are concerned, certainly, for the most part, it is concentrated in Central Canada, and there it will remain. But when it comes to general supply procurement, general purchasing by the Defence Department or any other department of government, there too there is a concentration disproportionate to population, and that is not geographically fixed or predetermined. There can be policy changes.

So, in a nutshell, Prime Minister, all we are saying is that some industries, logic dictates, in geography where they shall be located. Others, it is discretionary as to location, and as to the availability of federal assistance, and

that is what we are asking: that it be looked at as much as possible in a way that is in concert with the objectives of DREE, and not in a passive way so as to say merely: well, these are application responsive programs. Because that is merely to perpetuate the status quo, and worse than perpetuating the status quo, to compound and aggravate the disparities that already exist.

Mr. Gillespie: Well, Mr. Schreyer, you and I can have some fun here; we can spend, I guess, most of the afternoon trading debating points. I don't think that that will be particularly productive.

But I do think that it is important that I at least put the record straight on one or two things.

You raised the question of export financing as if—I think your phrase was—practically non-existent.

Premier Schreyer: Vis-à-vis the Prairies.

Mr. Gillespie: Well, you know, first of all, there is a fair amount of support for sales of wheat, other than those sales of wheat, in other words, greater than normal commercial risks which should be handled by the Canadian Wheat Board covered by the export insurance, some \$63 million last year. It may not be much, but it is a definite plus.

If you exclude wheat from the total value of exports that were insured, from the four provinces, as of June 30 of this year, you will find that there was \$157 million under insurance, representing 28% of the exports insured by EDC at that date; and that seems to me about a fair share of spaces.

So, really, I don't think there is much point in trying to quibble about percentages, or trying to make debating points. I think that the most important thing here is to try to build the industrial development of the West. That's surely what we are really concerned about at this meeting, right here; and for you to suggest that I am fatalistic about the future, I think is completely misreading my interest, my motivations and those of the government.

You know, we are talking about—we have given a great deal of attention, up until now, to upgrading resources. You don't seem to want to talk about it, right now.

I think it is a pretty darned important initiative. I think it is pretty darned important from the point of view of the regional development of Western Canada. I think that it can be encouraged and stimulated in a number of ways at the federal level and at the provincial level. I think you already realize we have taken steps through the tax system, the lower rate of corporate tax on secondary processing—in my statement, I referred to the forthcoming negotiations, and I had hoped that we might have had some discussion about the concept of vertical sectors; in other words, taking a mineral, or taking one of our natural resource products, and saying: wouldn't it be to the advantage of Canada if we could get free entry for the various stages of fabrication. Because right now, there is a discrimination against the secondary processed product of our mines, forests, wells, and so forth. That would seem to me to be an important thing.

We are giving a great deal of attention and pressure to the upgrading of resources. The Foreign Investment Review Act will be, I think, a very important tool from the point of view of securing this objective. The basic concept of that piece of legislation is of significant benefit to Canada. It involves a bargaining process with the new investor or the proposed take over. And one of the key questions in the take over of a resource company will be: are you, the new owners, going to upgrade the resources in Canada? Or are you going to export it in an unprocessed form, or a neutral form? I think that's darned important.

We have also, in this area, referred to the fact that export permits can be used to help secure, if other methods, other incentives, aren't effective, greater processing of raw materials in Canada.

Now, all of these are clearly aimed at assisting the development of the Western Canadian industry based on the resources of Western Canada. We are not fatalistic, we are darned optimistic and we would hope that you would join with us in this approach rather than to score debating points about fatalisms, you know. I don't think it is very productive.

Premier Schreyer: Well, Mr. Chairman, I am not trying to score debating points. The whole purpose of this Conference is for us to bring forward our very definite impressions as to what problems if any exist with respect to reasonable development as it pertains to Western Canada, and for that matter, to all of Canada.

It is our very definite impression, based on the information that we were able to martial together, which we put forward in a frank and open way in this particular document "Economic and Industrial Opportunities" that the whole impact of the program of your department are such as to cause an aggravation of regional disparity in building an industrial base. That is our firm belief. It is not because we want to score debating points.

You mentioned, in defence, the Export Development Corporation does have a meaningful presence relative to Western Canada, in that it underwrites a good deal of the export financing of Canadian wheat, which, in turn, relates to the Prairies.

Well, we accept that. That is a valid point you've made.

On the other hand, I draw your attention to the fact that of the one thousand EDC insurance policies in effect in Canada in the manufacturing sector there are eighteen policies in force in Alberta, eighteen in Manitoba, eight in Saskatchewan. That gives us a total of forty-four out of a thousand.

Well, it is that kind of point that I bring to your attention, not because I am trying to score a point, but because I believe that it cries out for some remedy and some redirection.

Mr. Gillespie: You have given a great deal of attention to the fact that grants to defence industries, I don't think you have referred to the General Assistance Program, yet, but you may, or the Automobile Assistance Program, but, you know, one of the things I wonder about as I listen to you, is whether you are suggesting that we should do

less for these industries? Should we cut back in some way so that we could reallocate on a different basis. Is that your point?

Or is your point which I think it is, but I'm not sure, that we should try and support potential success.

This is what I have been talking all along. I have been talking of the future, I am talking about potential, of building on our potential strengths, sustaining our existing ones. You know, that is the whole thrust.

I am delighted that we have straightened that one out, that you do feel the same way.

Premier Schreyer: Yes, we are not trying to jockey about and wrestle away from Central Canada a long standing industrial sector such as defence ordnance and munition production or related industries, nor are we thinking, you know, seriously in terms of trying to establish a grandiose automobile industry on the Prairies. That is not in the cards, at least not in our day and age.

But where a definite interest and desire, and more than desire, steps are being taken in Western Canada by either the private or public sector to establish a greater steel production capability, or some aircraft manufacturing capability, no matter how modest, where applications are made to your department, you say, yourself, this department received relatively few such applications, therefore, this data is distorted in that the number of applications has been less, therefore, the number of applications approved and the dollars approved is necessarily less. I accept that.

But in those cases where applications are made, were something where we feel there is a potential viability where the effort must be made and unless we have a chance to fail, we have no chance to succeed.

The Department should not be as, well, as tight, and as full of red tape as it would be with respect to applications coming in from that part of Canada that already has a relatively over-concentration of industry. I guess that is my main point. If there is need to maintain some desire to reduce regional disparity. That is the main term of reference of DREE and all I am saying is your department should not be directly opposite oriented.

Prime Minister Trudeau: Any other comments?

Then we can go on to the next sub-item "fisheries". Premier Barrett, do you or one of your colleagues want to present the provincial proposals in this regard?

Premier Barrett: Mr. Lauk will present this.

Mr. Lauk: Mr. Chairman, rather than giving an opening statement or prepared statement, I would summarize what is in our Western Premiers paper with respect to fisheries.

Number one, the hatchery construction program. There were original federal plans provided for the construction of five fish hatcheries. One was completed about five years ago and the construction of the second began early this year. We point out that it is estimated that a 25 per cent increase in the catch of Coho and Chinook salmon in the Strait of Georgia is the anticipated result of the construction of the full five hatcheries. Even this, Mr. Chairman,

will not be a sufficient increase to maintain existing catch-ratios at the present level rate of construction. In other words, what we are recommending at this point is that the federal government construct and bring the remaining three hatcheries into operation soon, if not sooner.

Secondly, artificial spawning channels and related facilities. The salmon rearing potential of many British Columbia lakes and water courses, is not being utilized. On the Fraser River system alone, only 29 per cent of the rearing capacity for Sockeye salmon has been utilized over the past twenty-five years. Construction of spawning channels and related facilities will increase the utilization of all lakes and water courses as spawning areas. We therefore recommend that we develop a high priority program and we are aware of the federal movement so far, but a high priority program for the development of spawning potential with special emphasis on the Fraser River, including modifying the terms of reference to the Fraser River Salmon Commission to reflect the Canadian interests.

Thirdly, fish farming. The recommendation, briefly, is to provide funds for accelerated development for fish farming potential in the whole of Western Canada. This is essential, we feel, to provide income to marginal farmers and there is a great need presently for this protein resource and it would provide a greater growth to this fledgling industry and we would ask that the federal department involve itself in that program.

Fourthly, deep-sea fishing. To summarize the paper's proposal, we recommend that we undertake a more positive program of research and development designed to explore the economic feasibilities of developing a deep-sea or mid-ocean fishery and fishing fleet based on the Pacific coast and with special emphasis on developing a bottom fishing industry.

This will better explore the special closed-zones claimed as British Columbia waters, but now fished almost exclusively by our American neighbours.

Fifthly, with respect to the Law of the Sea Conference, that is expected to be held in 1973 and 1974. There are several recommendations, I will condense them for time's sake so that the Honourable Minister can deal with the points, as I am sure he has read the paper.

(a) Pursue the recognition of the principle of management of the fisheries resources on the continental shelf by coastal provinces with preferential exploitation of these resources by these provinces.

(b) Limit the transfer of licences of commercial fishing vessels to Canadians only. This is essential, from our point of view, in British Columbia because of the communities of people who depend upon the fishing industry, especially our native Indians, as I am sure you are well aware. These are traditional occupations and the tigers in the foreign boardrooms not be permitted to encroach in any way on this traditional livelihood of large communities in our province.

(c) We would ask that the federal government consult earlier and more extensively with all sectors of provincial fishing industry, government industry and labour before formulating policy positions in international agreements.

British Columbia authorities should participate in an advisory role in subsequent international discussions.

Those are briefly the recommendations of the four Western provinces with respect to fishing, Mr. Chairman.

But I must say, in addition, that there is a feeling of maximum frustration and near desperation at the intransigence and lack of sympathy of the United States government with respect to the shipment of oil down our coast. A brief glance at the map of British Columbia and Alaska will reveal that if the almost inevitable disaster at sea occurs, the resultant oil spill will make the remarks I have just made on fisheries largely academic.

Prime Minister Trudeau: I call on Mr. Davis, the Federal Minister on Environment and Fisheries to speak.

Mr. Jack Davis (Federal Minister of the Environment and Minister of Fisheries): Mr. Prime Minister, Mr. Lauck, I welcome the Minister's statement and I must say I agree with everything or virtually everything appearing in the brief which he summarized now. Perhaps I could expand a little bit on his comments and endeavour to answer some of the questions he raises.

In respect to the creation of additional resources, more salmon for example, the federal government has, as he said, been investing in a new hatchery program. The first hatchery was completed last year. Each hatchery costs in the order of four or five million dollars. We have five of them in our program. The second one has begun construction and we will be announcing additional sites every second or third year. That is the tempo of the hatchery building program. It is primarily for the sportier fish, the coho and the spring salmon.

We have, on a continuing basis, the so-called artificial spawning channels development which is really a native Canadian development, the hatchery program, being, in part, an import from the United States which will also add very substantially to the resource. The hatchery program is basically around the Strait of Georgia, the salmon spawning channel program on the Fraser River and rivers up the coast particularly the Skeena, the Nass and others, some of them running through the Alaskan Panhandle. We are glad to know that we can count on the sport of the B.C. government to preserve the upper regions of the Fraser for a salmon spawning program because that is where much of the expansion possibilities exist, particularly for the sockeye.

We have many new opportunities in the fisheries, not only in respect to agriculture. The most promising aspect which is simply rearing fish in cages in salt water. There is a great deal of work being done around the world, more particularly in Canada now, in this field and it may well be that we will be growing a lot more fish protein in this way. And that some of our native people in isolated communities may also be able to take advantage of this new technology.

One of the reasons we have a great new opportunity is that Canada has been able, along with other countries, to put out its own exclusive fishing limits. Ten years ago, they extended twelve miles from shore and the limits actually followed the indentations of the coast. Three

years ago, we extended the twelve mile limit beyond base lines, the longest in the world of which is the base line from the Queen Charlottes to the north end of Vancouver Island. So we have closed all of the basin inlets, not only the west coast, but of Canada's east coast, and the north as well, as exclusive Canadian fishing limits.

The upcoming Law of the Sea Conference will concern itself again with limits and we believe that we will be successful in extending out limits much further seaward because the majority of nations now believe this is not only desirable but necessary if they are to conserve fish stocks near their shores. While our present limits virtually contain our whole continental shelf, we have a relatively narrow shelf on the west coast, a two hundred mile limit if the majority of nations have their way would make a very great difference. Virtually, all of the fish stocks that come near British Columbia's shores during the course of their lifetime, including most of the salmon runs are contained within roughly a two-hundred mile limit. So we would be able to manage our own fishery stocks unilaterally and exclusively for the first time in our history, as would other countries.

Cooperation with the United States is obviously essential because many of the runs, particularly the salmon runs, come in through waters which are boundary waters or adjoining waters and we must have treaties or other arrangements whereby we will both endeavour to conserve those fishery stocks.

But certainly our basic approach is to harvest those resources within our own expanded fisheries limits in much the same fashion as the forests have been harvested in recent years, basically on a sustained yield basis and having the resources under control on a sustained yield basis we can afford, as Canadian taxpayers, to invest a great deal more in hatcheries and spawning channels and better fleets and better methods of aquaculture on the ocean front and so on.

Finally, on the question of working closely with the province, with the industry, with the fishermen, it has always been the practice of the Canadian government and the Canadian fisheries services to first consult and then go to international negotiations and always take a team of people from the industry and always a representative from the province and the recent negotiations with the United States on reciprocal fishing privileges was a case in point. There was a representative of the province at all negotiations and his advice, along with that of the industry, was always sought. Typically, we have three negotiators, perhaps, and a phalanx of people supporting them, say a dozen or fifteen people. This is the tradition of the industry, that is the practice.

In conclusion, Mr. Prime Minister, if you forgive me, I do want to make a brief reference to a comment that Premier Barrett made yesterday and only comment on a reference which he made relative to the functioning of the Department of the Environment, the Department of Fisheries.

In these environmental studies, and I am trying to focus on the port of Prince Rupert, the choice of the best possible site for a bulk loading terminal. The fisheries

biologists, the oceanographers and so on, are somewhat like economists. They have different points of view, but they do need a lot of background material and in the case of Prince Rupert there has been three years of work gone into the collection of the basic data. Now, it is possible to hire a consultant for a few tens of thousands of dollars to interpret that data, but the background data was put together by our department.

Since your comments, Mr. Premier, yesterday, I checked back with our people. There have been four reports, some large, some small, go forward to your office and my reading of them is that they are basically consistent, one with the other, and they tend to point to Ridley Island as the best of a number of alternatives, certainly nothing in the estuary itself is acceptable from an environmental point of view, from a fisheries point of view, if I can be quite specific. Fairview would be fine, but I gather there might be a problem of backup land. There may be other sites further out from the estuary, but, nevertheless, that is the picture which I believe our people have endeavoured to present to you.

Now, the basic answer is really the answer which is found in other work we are doing in other provinces. We have fifty-fifty arrangements on ecological studies with Nova Scotia in respect of the Strait of Canso, there is New Brunswick and the harbor in St. John, a fifty-fifty study, jointly financed, in the case of the James Bay project in Quebec, similar studies in Manitoba and another one in the final negotiations stage for northern Saskatchewan.

There is no reason why our departmental people can't, on a joint basis, be working with your departments in producing a jointly agreed environmental report which then did not raise questions of interpretation.

Thank you very much.

Mr. Lea: Mr. Chairman, I would like to comment briefly on one or two things: First of all, I will come back to the environmental studies that have been done in regard to the Prince Rupert area in looking for an environmentally sound harbor bulk loading site, but I would like to go back to some earlier comments that were made in regard to keeping the fishing industry in British Columbia or in Canada, Canadian. And, I would like to know whether there is a policy, a federal policy, in regard to non-nationals fishing within the boundaries that are already in effect and how those policies will apply if the boundaries are extended to two hundred miles.

A statement made—I would imagine the statement is true, it was reported in the press, by the Minister, saying that the new federal policy that licences will not be issued to non-nationals is in effect. I would like to know if that is going to apply to all non-nationals from now on or whether it ordinarily applies to one certain company, Marabini of Japan, in regard to one sale.

I would also like to know how many fishing companies there really are in British Columbia, operating in British Columbia, taking into account that there are really only two, in my opinion, and the rest are subsidiaries of them. Whether they are, indeed, Canadian. And I don't mean whether they are registered in Canada, but whether

they are owned by Canadians. Whether any legislation that may be forthcoming may be retroactive to include these companies that are already in operation in Canada, in British Columbia. Because it seems to me that we have to deal equitably with all companies who are going to be fishing in British Columbia, and we have to have a policy that can be easily understood. I am confused. I know Marabini are confused, because I have talked with them, a great many people in the fishing industry are confused. So I would like to have some clarification of the federal government's position.

Turning now to the environmental studies that were carried out by the federal Environment Department in and around the estuary of the Skeena River, as I understand it, there were two reports done: the first one, in the conclusions of that report, it stated that it wasn't environmentally safe to go into Kitson Island, but one of the recommendations—a very strong recommendation by your department—said that they would prefer that all port development should be done away from the estuary altogether. And Ridley Island, I understand is the furthest island away from the centre of the estuary, but I wonder whether there have been any conclusions drawn in regard to whether it is in the estuary or not. I'm a little in doubt as to whether some oceanographic work has been done, except for a fish catch and the stomach contents analyzed to see what they have been feeding on and that sort of thing. It seems to me that the reports that were turned in were pretty conclusive that we shouldn't go into the estuary. There is doubt in my mind whether Ridley Island is in the estuary and, what the federal government's policy is with regard to estuaries period. Are we going to say, well, it's safe if we are in a little bit, or are we going to keep clear, away from them altogether?

Mr. Davis: To try and answer the last question first, we have very few estuaries in Canada. Most of them on the West Coast. They are mostly, also, small, but very productive and we shouldn't build on estuaries at all, if we can avoid it. Now, we have already built on a number of estuaries in some degree. We shouldn't build any more on them, if we can avoid it.

Ridley Island is on the periphery of the estuary. Had it not been for the pulp mills, I suppose, the scientists would have said don't build there either, but there has been some deleterious effect from the pulp mills there. In any case, Ridley Island is on the perimeter, it isn't a very productive area and isn't very exciting from a fisheries point of view, and therefore it could be sacrificed.

That's the kind of impression the reports left with me. There are other sites, as you know further out and therefore from an ecological point of view more defensible—maybe not from an economic point. So you have to make a hard choice in the end as between your economics and your ecological considerations, and that's one of the reasons for having joint task forces look at it and independent look—sees even their conclusions.

On the matter of foreign ownership, we do have these exclusive fishing zones which initially were three miles, then twelve miles, then all bays and inlets and hopefully

in the next couple of years 200 miles. Canadian law says that only a Canadian can actually fish them, that is as a fisherman or as an employee on a vessel. Your question really relates to the ownership of the vessel or the corporation which owns the vessel. Now, increasingly we are limiting the entry of Canadians into the fisheries because the resource itself is limited and we want to limit the investment because there has been a great deal of wasteful investment, but in the active limiting the fishing or limiting the number of vessels, we raise the question of who is going to own those vessels.

On the West Coast only about 12% of the salmon vessels, that is one in eight, are owned by the corporations, so over 80% certainly is Canadian owned without any question, around 86 or 87%. Of the corporations BC Packers is the largest. As I recall a Canadian fishing company is owned largely if not entirely by the New England Corporation of Boston. There are several other smaller companies. Five years ago we fixed the maximum number of vessels they could own and as the fleet is reduced in size their numbers are reduced proportionately and it should have been obvious to anyone selling among the assets of the company the boats which were in effect having the right to fish, that they were selling something which was unique. And this has to be made abundantly clear to the industry on both coasts that where the vessels have the right to fish, we are not about to sell it out to anyone that is a non-Canadian.

Mr. Lea: Well, Mr. Minister, you know it's one thing to say that, well I think you were quoted as saying that 95% of all the boats on the West Coast—

Mr. Davis: 95% in Canada.

Mr. Lea: Well, a high percentage at any rate. But most of these boats aren't really owned. I mean they are owed and they owe their soul to the company store so to speak.

Mr. Davis: Less so now than five years ago.

Mr. Lea: I don't think it is a true statement to say, accurate statement to say, that they are Canadian owned. They are Canadian-owned to big corporations and New England Fisheries being the biggest, I would suppose. And I would also like to ask you at this time if you think it would be advisable to have an investigation to look into the legitimacy of some of the contracts that the fishermen do have with some of the companies. Because it is my impression that some of those contracts, if they aren't legally unsavoury at least they are morally unsavoury, and I think it would be a legitimate thing to ask your Department to look into that.

Mr. Davis: Well, I agree we should look into it.

We have. There is a good deal of information available on this matter. Also funds have been made available in the last few years, particularly to our native people to help them finance their own vessels. When I talk about Canadian ownership, I am talking about equity and not who is supplying the loans. But we do have, for example, recently replenished \$10 million dollar Indian Fishermen's Assistance Program. The Honourable Jean Chrétien

and I announced its replenishment about a few weeks ago. So there are ways in which Canadian ownership can be further secured through better financing.

Mr. Lea: But the only way that these fishermen, Mr. Minister, can get a fair deal is, if they aren't encumbered with owing money to the companies, there would seem to me a more plausible way to do it for the Government, not only with Indian fishermen, with all fishermen, to make monies available as low interest loans so that the fishermen can go to the company and bargain in a meaningful way. He can go to any one of the companies and bargain. The way it is now he only has one choice. He must deal with the company who he owes the mortgage to. He is a share cropper and we don't think that's good enough to British Columbia fishermen.

Mr. Davis: Well, I agree with what you are saying, one in four of the boats are in that condition. They are under what is known as a condition of sale agreement. There are better ways of financing those vessels. They are emerging as the fleet becomes more economic as it goes down in size and resource grows. The fisherman is better able to finance the boat for himself. So the Government is creating or helping to create a better environment in which he can finance his own equity and his outright ownership. But I agree that there are still some anomalies, some old carry-overs which are disappearing but bear close scrutiny.

Mr. Lea: One final point. I would like to go back—

Prime Minister Trudeau: I wonder if I have the support of the meeting to perhaps hear this final point in an answer. We have to look at the clock as soon as we deal with this and decide how much time we are going to spend on the other items and how we will ration the time.

Mr. Lea: O.K. One point already made and I would like to expand it just a little. This new found policy that the federal government has in regard to Canadian, to non-nationals fishing within our limits, is this going only to apply to Marabini or would it apply to any non-national including Americans or including English? Is it going to apply to everyone? Would it apply to the already established companies who want to increase their fleet?

Mr. Davis: Well, there are only two categories of people in the eyes of this policy, Canadians which include landed immigrants and the rest. We have in the East Coast for example been in the process of phasing out foreign fishing fleets. We intend to not only keep the fishery Canadian but ensure that over a period of time the sale of these vessels which have the right to fish will occur only to Canadians. It is not retroactive. It does not go back on any company that is in Canada and has been here any length of time. But when they come to sell their vessels which are in effect the right to fish, they can only sell them to Canadians. That is the policy.

Mr. Lea: From now on it blankets the profits.

Mr. Davis: That's right, and it is not focused on Marabini.

Premier Barrett: Since fisheries is almost an exclusive concern of British Columbia, just a couple of more comments and we will gladly pass on. I must come back to the estuary statement of the Minister and make just a couple of comments and then we will be hopefully satisfied.

There is nothing in public life today that is more difficult in interpreting to the community than decisions that affect the ecology. Some people are experts on ecology; some people are not. I don't claim to be an expert but I am a politician and we are charged with the responsibility of making decisions that, in many instances, have tremendous emotional overtones and when the emotional arguments get launched on the basis of half information or half statement, it is difficult for the politicians involved to recover some semblance of order and sense in the decision-making process.

The classic example of the loss of control by the politicians of explaining a situation is this dispute we have had about the location of our coal bulk loading port. I find it regrettable that statements are made by the Minister, unintentionally I am sure, but leaving the impression that there is a clean environmental bill of health related to one geographic area, when in fact that clean environmental bill of health does not exist, and then we find an unpleasant situation where a provincial politician is involved in the spat with the federal politician over how clean the location, while the general community becomes divided on political lines rather than on rational scientific approaches to the problems. Now, what we have established today is that the Ridley Island site is not really an ideal site because it is in an estuary. And to say that the estuary is already a little bit pregnant with the pulp mill, so a little bit more pregnancy is a sacrifice, is something that I find perhaps not difficult to accept but very, very difficult to sell to the public. Now, what I am looking for is a completely satisfactory answer to the people of British Columbia and to myself as a politician that I can honestly get on television with and say we have examined every possible avenue of the location of this coal port and all scientific evidence leaves us with this conclusion that it is either X or Y.

Now, I am not completely committed to Britannia Beach. The problems with Britannia is that a freighter is going to come in twice a week or once a week to pick up some coal but the problems of Ridley endanger the fisheries. Now, if we are prepared to move the coal bulk loading plant out of the estuary to another location and the federal government is saying to us that it will cost more money to do this, that we're prepared to spend more money to protect the estuary, then I will abandon the Britannia location. But I want to feel absolutely certain in my own mind that when the decision is made that if the economic factor shifts on the basis of relocation to protect the environment, I am prepared to say yes, let's spend a bit more money to protect the environment, but it does no one any good to leave the impression through political statements that X is cleared environmentally only to find that it's not really cleared. It's almost there.

So, Mr. Davis, I suggest to you through you, Mr. Chairman, that we agree that all possible avenues of scientific

exploration be completed on the Ridley site, on the Prince Rupert site, before we make any statements that it will be located in that area, because what we do if we don't wait is we raise expectations with those who wish to invest funds and we raise anxieties with those who have environmental concerns and we have confusion in our community. That is not good. It strains our credibility in terms of the things we want to do in the future, both you and I want to do in the future in the development of our beautiful province and it is the most beautiful province with all due respect. So I am saying to you that with your statements about Ridley today, that we will now go back and we will complete all the studies necessary on Ridley before we make that decision and perhaps because it is an estuary get right out of there entirely.

Mr. Davis: Mr. Premier, we are in the happy position in British Columbia in respect of this development that the environmental studies are being done before the bulldozers move in. That is quite an achievement. There is a lot of development underway around the world, for which the environmental studies are only now beginning.

Premier Barrett: This is why we stopped Squamish.

Mr. Davis: But having said that, no project is going to be 100 per cent satisfactory to all the environmentalists. It is going to be a little bit grey, and the only answer there is to put in offsetting works which could in effect improve the fish runs in the area. If you impinge on them slightly in one way you do something else of an offsetting character.

So all is not lost even if Ridley Island were used, and if there is a better site further away from the estuary, I would be happier perhaps even than you would be.

Prime Minister Trudeau: Well, after this contribution to political philosophy by the two British Columbian Ministers and a description of their province as an excellent tourist attraction, I think we can go on to the next item.

Premier Barrett: You are our favourite tourist, Mr. Prime Minister.

Prime Minister Trudeau: There are three items, three sub-items left on the main item that we were supposed to deal with today; tariffs, DREE, including Western Northlands, purchasing and federal decentralization. Working backwards, purchasing and federal decentralization, I believe these are statements essentially by the federal government. With perhaps a few questions or remarks, we probably could dispose of this in the last ten minutes this afternoon. I wonder if I could get the authority of this meeting to perhaps deal with tariffs in the remaining twenty minutes. It's a gigantic undertaking I realize, but DREE and development opportunities is a large item which would take part of the forenoon. Agriculture is an extremely important item and of course capital financing is an extremely important item and I would have to have your authority to cut off discussion if I am going to keep to any kind of a time table. How much do you need in your presentation on tariffs, Premier Lougheed?

Premier Lougheed: Mr. Chairman, I guess it is not really a matter of time. I will try to make my remarks as

concise as I can. It is just, I suppose, the concern which I sense you have too, as to their importance, and seeming to go by them pretty quickly. But let's stay with the 20-minute objective. But I will need some time for rebuttal.

Prime Minister Trudeau: Well, let's slice that in two, and if you can take ten minutes on your behalf and on that of the provinces we will try to answer in ten minutes. If we find we have other things to say, I think we should still move on and perhaps try and squeeze them in and smuggle them in in the other items during the course of tomorrow.

That being the case then, we will begin on tariffs, and I will cut off that item in 20 minutes to just terminate the afternoon on these two minor items. Premier Lougheed.

Premier Lougheed: Mr. Chairman, first of all I refer to the common Western Position Paper on Economic and Industrial Development Opportunities, and to the area of tariffs and commercial policies, so that the delegates can focus it.

In looking at a Conference on Western Economic Opportunities, we for our part in Alberta, and I think to some degree the other provinces, have been striving in our own minds, over the course of the last number of months, to come up with an industrial strategy, and the one thing that comes forth to us time and time again is that if we really are going to build a manufacturing base and diversify our reliance on agricultural and natural resources, the area has to be in terms of secondary and tertiary manufacturing. Perhaps to some extent in tourism.

And then having said that generality, we start to get down to specifics of how. And as we start to make the evaluation, as we have done in Alberta, it is pretty obvious to us that the really only effective area that we have is to tie together transportation policies, energy policies, with something that has been brought to the table by the federal government here, and that is their paper in terms of processing of resources.

But when you read through that paper, you inescapably come to the conclusion that the key there is going to be our Tariff and Commercial Policies and our effectiveness with regard to them.

The difficulty that we face, as we all know, without getting into any sort of East-West argument, but looking at it in terms of a Western Canadian context, is with regard to tariffs. The nature of them is that they increase as you process the product.

So as we go along with an approach to this, as has been mentioned, we as a nation in Canada, in our view, are in a pretty vulnerable position. If we want to develop the West, we are going to have to do it on processing of our natural resources in a really effective way, and the only way that I can see that we can really do it, supplemented by some transportation changes, is in fact to be able to process products in such a way that we can then get semi-processed and significantly processed products and ship them into the export trade situation.

I believe that because of that in a Conference on Western Economic Opportunities, and why I wanted to speak about

it, is to underline something that I raised at the First Ministers' Meeting with the Prime Minister and the Minister of Finance in terms of our concern here. There is certainly that recognition by the federal government in their paper, their terms of constraints, the commodity by commodity examination of identified trade barriers as the prime means in which the European Economic Communities, Japan and the United States, are capturing for themselves the processing benefits.

We are looking at it in Alberta. We are doing some of our own things with our own initiatives, and there are limits to what we can do.

With regard to the tar sands, we have established as one of the key conditions in the second plant that there must be a maximizing of processing within our province at the upstream end. I think that is just good sound public policy.

We have introduced another one that is not nearly as well received. That has to do with the question of the one-price system for gas with a rebate that some in Canada take some objection to, and we do it with a purpose of following through on what's been suggested in the West, in the federal position paper, in the example of low cost energy and Sheritt Gordon have stated right within that position paper, and the recognition is there.

We certainly support what was presented here earlier by British Columbia as we tentatively got off on the subject of selective reduction in trade barriers to the extent that we can do it. We think it should be a very energetic effort made with the support of the four western provincial governments, and we would like to work as closely as we can with the federal Minister.

We for our part, take some issue, I think, with the heavy emphasis on the multilateral trade. I think that is important but I do think that the nature of world trade today is going to require, in terms of products, as far as we are concerned, a considerable amount of bilateral trading as well.

We for our part in Alberta, and I know other provinces have done this, have been involved in trying to move around the world to see what markets are available for us. I really am concerned that in a conference such as this, and I look at my time and it is pretty well through, that we can look at our province and say the key is petrochemicals, and yet immediately we run into an obstacle in terms of trade, as we mentioned in our position paper.

Our feeling about that is that one of the keys is going to be our trade relations in the course of the next year with the United States. The figures that I receive are that of our total exports, some 70 per cent are into the United States, of our total imports, some 69 per cent.

I make the case, Mr. Prime Minister, and to the delegates, that we seem to want in Canada to have it both ways. We seem to want to make our less friendly giant to the south a bit of a whipping post at times for some of our concerns, some of them justified. Certainly some of them are justified in terms of the question raised with regard to the concern of oil spills off the coast of British

Columbia, but some, at least, by their tone, aren't so justified.

And at exactly the same time, we have the Federal Government recognizing that they are moving into trade negotiations of a serious nature with the United States and the energy issue, of course, hangs over it.

I would simply like to urge that we pursue a policy and endorse a policy of selective tariff reductions, that with regard to trade relationships in the United States we make a particular effort into terms of processing of our lumber products, of agriculture. And insofar as the Province of Alberta is concerned, nothing probably can be more fundamental for us in this area than a breakthrough in terms of petrochemicals and tariffs that are involved there.

I think we have some things going, in conclusion, Mr. Prime Minister, for us that are the benefit not only just to Alberta, but to all of Canada, and I would hope that we would recognize not only the delicacy of these negotiations, but wherever we can, as provincial governments, help to contribute in making them successful.

Prime Minister Trudeau: Thank you Premier Lougheed. Mr. Turner, the Federal Minister of Finance.

Mr. John Turner (Federal Minister of Finance): Mr. Prime Minister and Premiers, because of the time limitations, what I'd like to do is table a rebuttal or a response to the western paper on tariffs and commercial policy, but to deal with some of the main points here in a short period of time.

The points raised in the western paper on tariff and commercial policies concerning the cost to Western Canada of these policies are not new. Western spokesmen indeed, I was growing up in Western Canada, we were saying it then, and you're still saying it, and I have often stated that while Western Canada has long had to pay higher prices for the goods it buys which are protected by the tariff, they have received few benefits in terms of jobs and economic development.

What I want to suggest to the Premiers, Mr. Chairman, is that I think we should keep in mind that the situation today is very different from that of 100 years ago when the national policy of Sir John A. MacDonald was established.

And I believe what is really more important for Western Canada now and for the country now, is how Canadian tariff and commercial policies have evolved since then and what these policies mean to the West today, and how to respond directly to Premier Lougheed, how in our forthcoming tariff negotiations on a multi-lateral basis in the GATT, we can recognize the needs of the country and within the context of this Conference, the needs of Western Canada in those negotiations.

Now, I know a lot of attention has been focussed on the apparent cost of protection which the tariff and other commercial policies impose on consumers in Canada. A tariff does tend to increase prices to consumers but in every part of the country. And it is difficult to calculate this cost. Frankly, I am not at all sure that this

can be done in a way which gives accurate results. And I'm even more sure that it's more difficult to calculate the cost to Canadian consumers in a particular region of Canada because of the difficulty of allocating and transferring those costs.

Now, whatever the cost is, at any given time, it is continually changing. Tariff rates have been substantially reduced over time. The Government is committed to freer trading relationships. Those tariffs will continue to be reduced, particularly in multi-lateral trade negotiations.

So I think there is little point in getting bogged down in a general discussion on the cost of protection and on the calculation of figures on which few people would be likely to agree. I think it would be more fruitful, I echo Premier Lougheed's statement, to focus discussion on the specific ways in which Canadian tariff and commercial policies are helping the West and how they might be modified to give greater assistance in the attainment of our goals as Canadians for the West.

Now, I say in my paper, how Canadian tariff policy has benefited the West in the last ten to twenty years, how it's helped the input of Canadian manufacturing in Western Canada, how it's continuing to do so. I won't get into those details, but I was prepared to respond to specifics if specifics were put to me.

The western position paper suggests that the Canadian government should in the next round of multi-lateral negotiations press for, and these are the Premier's words, "selective revisions and reductions in tariffs" favourable to Western Canada. No, the federal government has already made it clear, my colleague and I, Mr. Gillespie and I have already made it clear, that we welcome the views of the provinces on these negotiations and that there will be various consultative arrangements for this purpose.

Now, let's get down to specifics. I would urge the western premiers and western governments in putting forward their views, to indicate specifically the revisions you would like to see. The present western position paper draws attention to a number of cases in which Canadian and American tariffs differ on comparable products. What we have to know before we go into these negotiations, are the precise changes you would like to see in these tariffs in order to achieve your own industrial development objectives. For example, consideration should be given to the degree of improved access to foreign markets that would be required for western producers to be able to expand their exports of processed or manufactured goods.

Now, I agree with that priority. I agree that it ought to be a priority of our tariff policy; it is certainly a priority of our corporate tax policy. And Western Canada should not ignore the advantages given to processing industries by the corporate tax reductions, which had as their main purpose the encouragement and the enhancement of the ability of Western Canadians to process their mineral resources here in Western Canada.

Now, tariff negotiations are just that, they are negotiations, and in considering possibilities for changes, we have to be realistic. Improved access to foreign markets for Canadian exports must be negotiated. And what we can achieve depends on what other countries want and

are willing to accept, and what we are willing to pay. And we should be concentrating our efforts on identifying those areas where specific changes will lead to real gains for Canada.

I suppose the federal government takes issue a bit with the focus in the western position paper on bilateral negotiations. We believe that multilateral negotiations can produce results that are valuable to Western Canada. We achieved important results in the Kennedy Round. We hope to achieve even more in the next multilateral GATT discussions.

Now we have some time, primarily because the American schedule has been retarded, because of political events down there.

The Trade Reform Bill is not achieving implementation in the Congress on the schedule that the United States executive expected. So we don't expect GATT negotiations seriously to begin before next year. Now I believe that it's in this direction we should be focusing our efforts.

So, in summary, I believe the traditional view that Canadian tariff policy is one of high tariffs and does not take account of western interests needs to be re-appraised. I believe that through successive rounds of tariff negotiations, the burden of the tariff on consumers and producers in all parts of Canada has been substantially reduced.

I believe the tariff policy has helped particular sectors of importance in the West, and I have set these forward in my paper.

Major export industries in the region have benefitted through better access to foreign markets and from reductions in the costs of their inputs.

In addition, a number of western industries receive tariff protection on their production.

I want to reiterate what my colleague, Mr. Gillespie, just said. The federal government is fully committed to use appropriate tariff and commercial policy in the future and particularly in the forthcoming negotiations to support and encourage industrial growth and diversification, particularly in the manufacturing and processing field in Western Canada.

Premier Lougheed: Mr. Chairman, I think there are probably others that probably want to speak. I just would like to ask at least one question of the Minister. I have about seven or eight, but at the time, one. You make no reference Mr. Minister, to the Chair, to the matter of petrochemicals. We do in our position paper.

Mr. Turner: Let me treat with that very briefly, if I can, Mr. Chairman.

As I understand the Western Premiers' suggestion is that petrochemicals might be a possible sector for a bilateral arrangement with the United States. We have examined the circumstances of this industry in some depth, and in the United States, the petrochemical industry is about among the most protectionist in the entire country; and I think evidence of the protectionist views of the American industry is seen in the fact that the US administration was unable to persuade Congress to implement the Kennedy Round Agreement to abolish the

American selling price valuation system which applies to the petrochemical industry. Under this system, tariff rates of 20% can be levied so as to yield tariff protection of over 100%.

Now, our problem here is that the variance of the American and Canadian rates—the question that Mr. Gillespie put to Mr. Lauk is equally valid here, he was talking about plywood. Do you want the American tariffs lowered? Or do you want the Canadian tariffs raised? What is clear is that any tariff concessions that are done bilaterally are to be done within the scope of that industry.

This is why I suggest I see you and your colleagues, that multilateral negotiations do have their advantages.

Premier Lougheed: Well, Mr. Chairman, just one comment. I think a meeting with Mr. Macdonald and Mr. Gillespie and Mr. Turner and some of our colleagues could work out something by using the effective lever of energy at this particular stage, in Canada.

Prime Minister Trudeau: If Mr. Macdonald were here, he would say that that's not a very strong leverage, and I think that his background papers indicate that our leverage with the United States—

Premier Lougheed: We disagree.

Prime Minister Trudeau: Well, we are on time—Mr. Barrett?—We are no longer on time.

Premier Barrett: Mr. Prime Minister, without consultation with my colleagues, could I make the suggestion that perhaps we start at 9:30 tomorrow morning, so that we don't cut into the agenda of the other items as severely.

Prime Minister Trudeau: I was going to make some proposals to my fellow first Ministers tonight at dinner, but we can do that quickly now. I had thought perhaps we might either begin at 9:30 or cut the lunch hour down to one hour rather than two. That might be more productive.

Premier Barrett: Let's see how we do by starting at 9:30, and we can make a decision about the lunch hour.

Prime Minister Trudeau: All right. Is there agreement to meet at 9:30 tomorrow?

Premier Lougheed: Mr. Chairman, certainly, on our part, there is agreement. But I feel that the tariff issue, if we were to adjourn and have an opportunity, or at least some opportunity to bring it up, I certainly feel that it has been left hanging.

Prime Minister Trudeau: Well, one of the reasons we are having this dinner tonight of First Ministers is to discuss this very type of thing—what time we have left, and how we will deal with the various items in that time. If you want to decide now to meet at 9:30, it is all right with us. If you want to assess the whole thing over dinner, then I am sure we can get our delegations down here at the time we then decide.

Premier Blakeney: I have a particular question that is relevant: with respect to the agriculture item which is

scheduled for first thing tomorrow morning, I wonder if I could put a couple of questions.

In your understanding, sir, who leads off? And the second question is: is there going to be a federal paper that we could perhaps have tonight so that we could at least look at, so that we are not met with it when the item is called?

Prime Minister Trudeau: Well, put it this way: if you want to lead off, then we will give you our federal paper tomorrow morning; if you want us to lead off, we will give you our paper tonight. I repeat these are the kind of things we can very easily discuss at dinner tonight.

Premier Barrett: I would think so, except for the starting time at 9:30, it would be difficult for us to communicate with the rest, if we agree on that.

Prime Minister Trudeau: Really?

Premier Barrett: Yes, I think. Well, some of these people are going to go out tonight, too.

Prime Minister Trudeau: I guess they are not all social workers.

Premier Barrett: Yes, as a matter of fact, they are; that's why they are observing Western life in a different style.

Nonetheless, I know that all my staff will be working all night, but it will be difficult to communicate with them.

Prime Minister Trudeau: Well, I suggest we discuss this at dinner time.

Now, let us hear from the two federal Ministers: Mr. Richardson and Mr. Goyer. The two items are rather late. What I would suggest, to save time, would be to hear from the two ministers, and then have a round of comments on the two subjects: Decentralization and Federal Purchasing.

Monsieur Goyer, le ministre fédéral des Approvisionnement et des Services.

Mr. Jean-Pierre Goyer (Federal Minister of Supply and Services): Mr. Prime Minister, Premiers, there are two points which I would like to state that must be kept in the forefront of any discussion on the subject of federal government purchasing.

The first point is that purchasing is a service function, related directly to the needs of the other federal government departments and agencies. To the extent that their needs are centralized, so will purchasing tend to be centralized. The second point relates to the location of industry in Canada. Since most Canadian industry continues to be concentrated in the Montreal-Windsor Corridor, so therefore most purchasing is from this area.

Keeping these two caveats in mind, let us look at the figures of government purchases by vendor location. Since this Government came to power five years ago, the value of federal government contracts placed in the four western provinces, the Northwest Territories and the Yukon have increased from 67.7 million dollars in fiscal year 1968-69 to 154.2 million dollars in fiscal year 1972-73, or more than 125 per cent. Stated another way, the

percentage of Department of Supply and Services' contracts for goods and services placed in the Canadian western provinces, the Northwest Territories and the Yukon increased from 7.7% to 14.2% of the total value of goods and services contracted for in Canada during the same period. It is important to note that this 14.2% bears a striking relationship to industrial capacity. According to published data by Statistics Canada, the four Western Provinces provided 14.9% of the value added in manufacturing industries in Canada in 1970.

While the overriding objectives of the government's purchasing program have been and must continue to be economy and efficiency, the federal government has nonetheless recognized the contribution that its purchasing can play in support of other national objectives, including industrial and regional development. To this end, the Government, this year, gave official recognition to this support role by stating the objective of the Supply Program as being, and I quote,

"To acquire and provide in the most economical manner goods and related services required by departments and agencies taking into account the contribution of procurement to the realization of national objectives."

Accordingly, and consistent with its primary objectives, the Government recently has taken a number of initiatives towards achieving a wider geographical distribution of its purchasing.

I would remind you, for example, of the Government's recent policy decision to contract out much more of its Research and Development to the private sector. A most important element of this new policy related to the regional distribution across Canada of research and development projects. In implementing this new policy, the Department of Supply and Services was specifically instructed to endeavour to distribute the resulting industrial benefits as widely as possible to industries in various regions of Canada and, more particularly, the Department was directed not to concentrate the research and development contracts in the two main industrial areas of Canada. The potential importance of this decision cannot be overestimated. Industrial growth springs from R & D and the West will be in an excellent position to create new growth industries as a result of this new policy.

With specific reference to the computer/communications industry, the government, in its Green Paper, in the section dealing with industrial strategy and purchasing said,

"... (we) will take into account the significance of computer/communications in achieving balanced national economic and social development."

In addition to these broad policy initiatives, the Government has moved in direct ways to increase purchasing from the regions. Under a Treasury Board Directive issued in 1969, in the case of identical bids, the contract is to be awarded to the firm whose plant is located in a designated area.

Last fall, the Cabinet reached a number of decisions with regard to purchasing, designed to assist in the determination of the point of final use so that goods might be bought as close to that point as possible.

Cabinet, at that time, also authorized, for a one-year period, a demonstration project for national purchases of printing and metal fabricated products whereby suppliers in the Atlantic and the western provinces would be awarded contracts on an FOB plant basis provided that the transportation cost differential was less than 10% of product cost. This project commenced on April 1 of this year.

In addition to these measures, the Department of Supply and Services has increased to \$2,500 the value of requirements received at the national headquarters which are passed to the regional offices to purchase.

To handle the increased regional supply activities, the Department has opened a warehousing distribution operation in Edmonton recently and is now studying the requirement for a similar activity in Vancouver—and as a matter of fact, we will do it. This action in itself will increase regional buying as more stocked items will be bought in the regions.

In addition to continuing to pursue the recent initiatives outlined, the Department of Supply and Services will, in specific and appropriate circumstances, do the following:

- 1) Use purchasing as an adjunct to industrial and regional policies. To the extent that the Government's purchasing program can lend support to other departments' activities in establishing viable industries, this will be pursued.

- 2) As the Government continues to decentralize, the Department will purchase more from regions that are distant from the National Capital. Moreover, as further identification of the final point of usage of goods is achieved, increased regional purchasing will occur.

- 3) The federal government will consider any initiatives by the provinces with regard to co-operative purchasing. Such a combined public sector buy, particularly of federal government requirements for western Canada and western provincial government requirements, could maximize the leverage to be gained by using purchasing to support and promote industrial and regional growth, particularly as it involved industrial specialization and rationalization in the western provinces.

- 4) Finally, the Government will welcome an exchange of purchasing information with provincial governments which could lead to an increased level of purchasing in Canada by all the governments concerned.

In this regard, we would like to know of your major forthcoming requirements for which there are no suppliers in your provinces, so that we can help find Canadian sources rather than have the purchases outside Canada.

Prime Minister Trudeau: Merci, monsieur Goyer.

I will now call upon Mr. Richardson, the federal Minister of National Defence.

Mr. James Richardson (Federal Minister of National Defence): Mr. Prime Minister and Gentlemen, it seems to me that there is no better way to introduce the subject of decentralization, than to quote directly from the Speech

from the Throne—that is, of course, the Speech from the Throne that called this meeting, in which these words were used,

"The Government of Canada recognizes that Western Canadians wish to build industrial strength on top of their region's great resource and energy base. As the whole economy continues to grow, a greater measure of decentralization of industrial activity will be necessary to achieve this desired regional objective."

Further, in introducing a discussion on decentralization I should also reaffirm, at the outset, that the central objective of decentralization is to help to bring more diversified and more rewarding job opportunities to Canadians in all parts of Canada.

Now, because the word decentralization can mean different things to different people, it is also useful to point out that we see at least four distinct categories:

One is decentralization of federal government purchasing, as just described by Mr. Goyer. And some improvement is being made in this area, as he has indicated.

The second is the appropriate dispersal or distribution of federal government civil servants, and therefore federal government payroll throughout Canada. The economic importance of this payroll is apparent when we realize we are talking about 270,000 full time federal public servants who largely account for a federal payroll in the order of 275 million dollars a month and an annual payroll of some three billion three hundred million dollars.

The third kind of decentralization is not concerned so much with the number of people in a region as it is with the all-important degree of decision-making authority possessed, at the local level by federal civil servants.

Specific progress in this area, as you have heard, has been announced by Don Jamieson, the Minister of Regional Economic Expansion, and by Alastair Gillespie, the Minister of Industry, Trade and Commerce.

The fourth and perhaps the most important category of decentralization is related to the extent to which national projects, national endeavours of all kinds bring nationwide economic benefits and not just localized or centralized benefits.

This concept of decentralization of major national projects goes far beyond the traditional concept of the federal government building post offices or other such buildings through the Department of Public Works.

What we have in mind are the major segments, the identifying characteristics of an industrial society, such as aerospace, mentioned by Premier Schreyer yesterday, and again today, nuclear energy development, computer technology, electronics, the whole field of communications and, perhaps, most of all, the vital and growing area of industrial and scientific research. All of these major national endeavours, these Canadian requirements, these hallmarks of an advanced society, should bring not localized and centralized benefit; they should bring nation-

wide economic benefit and I might say that consistent with this concept, in my own Department, I am currently planning the creation of a Defence Research Establishment to work in Manitoba and Saskatchewan where no in-house defence research has been done to date.

Also, as a constructive evidence of the government's position in this respect, I can quote from the White Paper entitled "Defence in the '70's" where government policy was stated clearly in this way,

"To assist in the attainment of the government's objective of regional economic equality, further decentralization of defence procurement into all regions of Canada will be encouraged whenever this can be done consistent with long-term economic efficiency."

Concluding, Mr. Chairman, what I want to say is that what we are really talking about at this Conference, as was stated so clearly in the opening statements, yesterday, by the Prime Minister, by each of the four Premiers, is how we build Canada, not just how we build Western Canada, and one of the ways we can build a nation from coast to coast is by decentralization. It seems to me that our combined objective should be to build an industrial nation, an advanced nation from coast to coast, and not a nation where the most rewarding career opportunities, where the major national projects, are in any way localized or concentrated in any region.

When it is all boiled down, the concept of decentralization of federal government activity is nothing more and nothing less than a concept of equality. Like all Canadians, Westerners believe in equality of opportunity. If being a Canadian is to mean as much as some of us would like it to mean, it is essential that each part of Canada know that national projects bring nationwide benefit. It is essential that every Canadian know that the nation's business is nationwide. And I believe that further decentralization in all four categories, categories that I have mentioned, is one of the ways to achieve in a practical way the spirit of a new national policy that was proclaimed at the start of this Conference.

Prime Minister Trudeau: Thank you Mr. Richardson. Well, we have taken our lion's share of the remaining time. Are you prepared for a quick round of comments? Questions and answers? Would you like to adjourn to tomorrow morning?

Premier Lougheed: Mr. Chairman, I would suggest we adjourn until tomorrow morning, and have the opportunity to perhaps both respond to these two papers and maybe at the end of this general subject we can deal with matters generally.

Prime Minister Trudeau: Well, there has been a proposal to meet at 9:30. Is there general agreement on that? Agreed.

Prime Minister Trudeau: All right. We will adjourn until 9:30 tomorrow morning.

THURSDAY, JULY 26, 1973 / JEUDI LE 26 JUILLET 1973

MORNING SESSION / SÉANCE DE LA MATINÉE

Prime Minister Trudeau: If in calling the meeting to order I can express the timetable I will be adhering to this morning, after discussion with the Premiers last night. We would begin with the sub-item Development Opportunities, including the Western Northlands. Premier Schreyer will lead off on this, to be followed by Mr. Jamieson, and we have Mr. Chrétien here if any particular questions are to be addressed to him.

I would end this item around 11:00 so that we would have roughly half an hour to wind up the whole item Economic, Industrial and Commercial Development. That would give us roughly half an hour to come back to various sub-item headings that we might perhaps have skipped over too quickly yesterday.

So that at 11:30 we would take Agriculture, to be led off by Premier Blakeney, followed by federal Minister, Mr. Whelan.

We would adjourn at 12:30, come back at 2:00, 2:00-3:00, we would take Agriculture again, so that at 3:00 (I hope the stock markets will be closed by then) we would begin Capital Financing.

Is that agreed Premier Lougheed?

Premier Lougheed: Mr. Chairman I just wanted to confirm in that last summary, I did feel that we dealt with tariffs rather quickly, just to confirm that we would have an opportunity to come back on that item in the summary item on industrial development.

Prime Minister Trudeau: Yes sir. That is the purpose of leaving half an hour from 11:00 to 11:30 so that you could raise tariffs, or other delegations could raise other subjects.

If there is agreement amongst yourselves to spend most of it on tariffs, that's fine with us.

Shall we begin then, with Western Northlands and Development Opportunities. Premier Schreyer?

Premier Schreyer: Prime Minister, fellow Premiers, I would begin discussion on this general topic of regional economic expansion opportunities in the Western Northlands by first of all commending Mr. Jamieson for the initiatives that he has taken in recent months in consulting with the provinces to seek ways and means of im-

proving the operations of that Department and its effectiveness.

I believe that the challenge that is facing the Department of Regional Economic Expansion is a very great challenge, largely for two reasons, one being that in Western Canada there is a generally recognized need to make some extra effort to build a more diversified and larger industrial base, and DREE can be very instrumental in that respect. The second reason why the challenge is great is because certain of the policies and operations of other departments of the Government of Canada, not intentionally I'm sure, but in their effect, are such as to militate against a better balance of distribution of industry in our country.

Therefore, as I said yesterday, the Department of Regional Economic Expansion will have to perform at its very best, at its very optimum, in order to offset the effects of some of the programs that are operated under the Department of Industry, Trade and Commerce. But I don't want to reopen that argument again. I look with optimism to the possibility of DREE having a net positive effect insofar as Western Canadian development is concerned.

In particular, and more specifically, I concur with Mr. Jamieson's view. I think my fellow Premiers would concur as well, that it is the right policy that is being followed. For example, when Mr. Jamieson is consulting with the provinces in an effort to establish a systematic means whereby DREE can go out and actively seek out and identify opportunities and areas for industrial and economic development, whereas in the past, I believe that DREE has tended to operate in a more passive role, tending to be responsive to applications for incentive grants, et cetera. I really believe that this, if properly executed, can be a very beneficial policy. That is to say the new policy of going out, seeking out and identifying in an active way, new developmental opportunities.

Referring now to, and I should add as well, that we certainly look with favour on a second major change proposed by Mr. Jamieson, the Government of Canada, and that is namely that DREE will at least make a real effort to decentralize some of its decision-making procedures so that hopefully the time-frame can be reduced and short-cut somewhat to the times that discussions are initiated on a potential development, and when word is actually received as whether or not it's yes or no insofar as federal

inputs are concerned. So, certainly we are positively inclined to that second announced policy change as well.

I want now, Prime Minister, to focus in on Western Northlands as a major subsidiary part of the operations of the Department of Regional Economic Expansion. When referring to Western Northlands, I would ask each of us in this room, to visualize in our mind's eye, the map and the geography of the northlands of Western Canada. The one thing that will, of course, seize your attention first is the fact that it is an area of vastness. That itself can be very misleading. What is very crucial to see and to acknowledge is that in this vastness of the area of Western Northlands, there is, we really believe, a tremendous resource development potential, there is need to develop those resources, and I refer not only to natural resources, but to the human resources in this area as well. Western Northlands happens to be a region of our country in which there are quite a significant number of communities, populated by people of native descent. Many of those communities lack a resource base, that is to say a resource base available to them. They only lack basic transportation. I do believe that in recent years we have made significant progress in terms of improving communication services. In the case of most communities now, the communication service is either already of a very modern and up-to-date kind or soon will be in the next year or two.

But insofar as transportation service, basic transportation access is concerned, that unfortunately is still sadly lacking. I think that any discussion of Western Northlands, that excludes a deep and penetrating analysis and discussion of the problems faced by these communities of people of native descent, would not only be unfair, it would be largely a non-productive exercise because these communities are so much a major feature of this part of our country, namely, Western Northlands.

What we are suggesting in effect, Prime Minister, Mr. Jamieson, is that we really hope that, at this meeting today, at least the basic groundwork can be laid for formulation of concrete tangible specific proposals that will bring both levels of government, federal and provincial, to some understanding as to the amount of funds that can be allocated for the putting into place of basic transportation access to our resources, both human and natural. I don't know why, and maybe it's not important enough that we should retrace the history of the last ten years; in respect to roads to resources, but in 1964, when that federal policy of roads to resources was terminated, I think that that was a most unfortunate episode or incident in our national, or in our country's history. And I would hope, that we can get back onto the rails so to speak, that we can get back to that point where we once again have a major and meaningful roads to resources, transportation to resources policy, because without that, any discussion on Western Northlands would not be very meaningful. It won't be meaningful to the provinces in terms of development of natural resource potential in the north and it will not be meaningful to those many thousands of families of native descent that live in our Western Northlands.

With those general opening remarks, Mr. Prime Minister, I invite Mr. Jamieson to indicate just what is proposed insofar as it is formulated in his mind.

Prime Minister Trudeau: Thank you Premier Schreyer and I call on Mr. Jamieson, the Federal Minister of Regional Economic Expansion.

Mr. Jamieson: Mr. Prime Minister and Premiers and Ministers, let me heartily reciprocate the comments of Premier Schreyer on behalf of all of you with regard to the cooperation that I have received from the provinces over these last months. In terms of formulating the new DREE initiatives I think it's fair to say that this is a unique endeavor. Premier Schreyer has called it a challenge. I thoroughly agree, a unique challenge in the field of federal-provincial relations, because I can't visualize any other set of programs that will require closer and more on-going cooperation between provinces and the federal government and my department more than this one. The fact that we have advanced as far as we have to date, is indicative I believe of your recognition of and acceptance of this fact. I said in private conversations and in formal meetings with all of you that it was my view that in large measure I visualize DREE, the reorganized Department of Regional Economic Expansion, as essentially reinforcing provincial priorities. This is especially true for my department because of course, I cut across, in my dealings with you, a tremendous number of constitutional and jurisdictional lines, and in many ways, we have to abandon the normal techniques of a relationship if we are going to achieve objectives that we share in common.

Now because I have had these conversations with you, I don't believe there is any necessity for a long opening statement by me, because I think you are quite well aware of the basic approach that we are adopting and I think perhaps all I need to say in connection with the reorganization is, first of all, that it is moving ahead at a very rapid rate in all western provinces. I can appreciate that some of your officials have been, to some extent at least, diverted because of the necessity to plan for this particular conference but with that slight hiatus everything has gone along extremely well. As you know, we are planning, and propose to you, the creation of what we have described as General Development Agreements. These will be in the nature of an umbrella type of agreement and this will, in a sense, provide the framework within which, or under which, we will be able to establish subordinate agreements on specific developmental opportunities. And I think there is agreement amongst us too that this is the appropriate approach that we should, jointly, examine what the developmental opportunities are in each of the western provinces and which ones we wish to pursue first.

I have been very much impressed during all of this conference by the degree of, what I sense to be, agreement with my own point of view. It was expressed yesterday most effectively I think by Premier Lougheed when he was speaking of petroleum industry, and that was that we have to be very realistic in terms of what are developmental opportunities in Western Canada, to build on

strengths to recognize those things where we have the best chance of achieving success. So I would put realism at the top of my list in terms of trying to identify what these major developmental opportunities are.

The second thing that I would suggest we also share in common, is the realization that we have to be rather realistic and hard-nosed when it comes to assessing what these development opportunities are and their chances for success. In other words, I have in my conversations with you on numerous occasions used the expression "the multi-dimensional approach". And I not only feel that this is necessary in terms of determining what the resource is that we may wish to develop into manufacturing and processing, or all of the other steps we must go on to the marketing phase, and all the other related questions. And in this connection, incidentally, I was interested and glad that Premier Schreyer made the point, that what we have now, is a conviction that there is a great necessity for us mutually to adopt, what I call a "seek and find" approach. Not only to the industrial opportunity itself, but also perhaps to the people who might be the ones who are in a position to do the developing. And in this connection also, by the way, there is nothing doctrinaire in my approach. I don't particularly care whether the development occurs under the auspices or the aegis of a Crown Corporation or a governmental group as opposed to a private entrepreneur. My judgment in this will be one which will be almost entirely, in very large extent in any event, guided by the province.

Premier Schreyer: In other words, no prejudice.

Mr. Jamieson: I would not want to prejudge just how the best techniques can be found for these developmental undertakings. I think this is important, by the way, for a reason that has run through this conference and which I sensed throughout all of my individual meetings with the provinces. Because up to now we have had a, in a sense, department-to-province relationship, that is DREE deals with the province. What I would like to see and what my colleagues certainly agree is necessary, and this applies by the way Mr. Schreyer, very much to the matters' which were on your mind yesterday, is greater integration between the federal agencies of government with the province and its agencies, so that once we have established the parameters of a particular opportunity or problem, that, if we identify the fact that in large measure IT&C programs, as an example, are the appropriate route, or that they have integral part to play in that kind of development, then DREE will be in a position to insure that IT&C is made aware of and is integrated into the planning process from the very beginning. Now this happens to be under way already, in the case of a half a dozen or more specific opportunities which we are examining in Western Canada and in several other parts of the country. In other words, by identifying the project first, the technique that we're applying and that I am using, is to say, well obviously there's a large agricultural input here, so therefore, the Department of Agriculture has to have a very major role to play. But not after the facts; not brought

in as, to use a navigational or Newfoundland expression "the dory tied on to the schooner". We want it up on the deck where it belongs. And so, therefore, whatever the departmental agency is that's necessary for this kind of undertaking, we would act as the catalyst. I don't want to suggest that we're talking in terms of some kind of a major department or inter-departmental organization or super-ministry—that I don't believe works and I think there was agreement when we talked on these matters some weeks ago that that was not the solution. But I do feel that we can act as the polarization point, and this is certainly what we intend to do. Now, the General Development Agreement is, in my judgment, a very good mechanism because what it does is give us an ongoing basis for co-operative effort. None of us around this table, I suppose, no matter how omniscient we may think we are sometimes, can really be sure of what the development opportunities are likely to be down the road, in five years, ten years, whatever the case might be. We know of certain things now and I hope that you were as impressed as I am by the number that we were able to list as examples in our working papers. They show, I think, that there is a very real and a very genuine capability in Western Canada, for particular things such as manufacturing and processing which, again coming back to Premier Lougheed's references yesterday, have their basis, in part at least, on the natural resources, the raw material of the area, but not exclusively that. There are other advantages that Western Canada has, certainly including geography, which lend themselves to things which are not necessarily what one might describe as being native to the area, that are not normal to this area. I think that there is the possibility for manufacturing and processing on the part of what we refer to as "foot-loose" industries. And one of the things in this regard, and I touched on it in my brief intervention yesterday on the transportation matter, is that we are unequivocally convinced that transportation is fundamental to the job that we want to do. I don't think there's the slightest doubt about it. I don't think anybody can argue about it. What I do want to reinforce and re-emphasize today is what I said yesterday and which I hope you will accept in good faith, and that is that I have not found a particular single formula as to how the transportation problem or challenge can be met. What I have found is that it varies tremendously from one industry to another. Let me, by way of illustration, just take a hypothetical case. If we're going to get into, in Western Canada, as I believe we can and as I'm convinced we should, steel fabrication or something of this nature in the way of metal fabrication and the like, when I look at that as a major developmental opportunity, and try to identify the various components of it, the question then becomes, should we in fact provide subsidization for certain of the raw materials for that particular product that may not be common to the region in which this development is going to take place, or should we lay the emphasis on getting it to market, or both? Now as we examine each one of these, it is clear that different alternatives, I believe, will emerge and that we will have to employ these

in different ways and that we shouldn't be doctrinaire in our approach. In some respects it may be that the most sensible approach to this matter may not lie in direct payments to the carrier at all. Indeed in Eastern Canada there is a growing conviction that some form of assistance to the shipper is in many cases more desirable, more advantageous than simply giving another hand-out to the railways, or the truckers or whatever the case might be. So I won't labour this point other than to say again, that I do recognize that transportation is a key element and I think that as we explore these individual options that are open to us, we are going to find that we will have to be quite flexible in the way in which whatever form of assistance is necessary is provided.

Now I am delighted that Mr. Schreyer raised the question of the Western Northlands because I want to perhaps make an appeal that's really quite unnecessary, indeed in some respects it is unnecessary, because you're already working on it. But we must start working together if we are going to solve the problems of those large numbers of native people who live in the Western Northlands. You mentioned the significant number, I'm not altogether certain that all of my colleagues here know how many, but if you take just the Western Northlands of your four provinces, of a total population in that area which is in the neighbourhood of around 400 and some odd thousand people, just slightly less than the population by the way, of my own province of Newfoundland, of a whole province, something like 200 and ten thousand of those are of native ancestry. And while there has been and continues to be a certain degree of development in that area, the real fact and the challenge is that it has by and large passed these people by and we have not been able and I don't think we can unilaterally find the solution to that particular problem and we want to work very closely with you in trying to do it.

Mr. Schreyer has mentioned and I am quite certain that he reflects the views of all of you, that access, better transportation, is unquestionably necessary. I don't think, in fact I'm quite sure that you were emphasizing, Mr. Schreyer, purely for developmental purposes. There is also a very real social need for that kind of access. And so therefore we are quite prepared to examine specific economic development opportunities in the Northlands and if it is determined that transportation, road access, something of this nature, is a fundamental integral element in achieving what we want to do then certainly we're not by any means adverse to the idea of federal participation in that kind of activity. I believe myself that the priorities in terms of the Western Northlands are people first of all, that is to try to develop the infrastructure of the communities in these northern parts of Western Canada, where a lot of the amenities are not present and where, because in fact they are not present, there's also a lack of job-creating potential which could be there if there was more self-sufficiency on the part of these people. So it's a social problem and it's an economic one at the same time. And certainly to reply directly to Premier Schreyer's question, the funds will be available for that kind of project.

Now on the question of funds once again, very briefly, our program by and large has tended, and I think we are now getting a better perspective on it in the minds of a great many people, to be looked upon as the Regional Development Incentives Act. That tends to be the thing that is front and center. But of course it's something less than $\frac{1}{3}$ of the total spending that is undertaken for the Department of Regional Economic Expansion. Now in this year again, to reinforce and to make clear our commitment to regional development, we had another increase in the estimates of my department to a total of something in the neighbourhood of 513 million dollars. Of that as Mr. Schreyer mentioned yesterday, only about 100 million went in incentives. One of the great regrets that I have, when we talk about the unevenness of the distribution, is that we didn't spend all the money that we had allocated for incentives and particularly we didn't spend it in the West, that there was money there. And the main reason, of course, is the one which has also tended to be a common threat throughout this conference, the main reason is that we have been, by and large responsive and any area, no matter how strong its entrepreneurial base may be, eventually runs out of the standard kinds of things where people can come forward and apply. Also of course in terms of the small businessman, in a great many cases, we have not really been able to give him enough encouragement or help in helping him to apply. So that what I am saying is that, through nobody's fault perhaps, other than this essential lack in the program of a seek-and-find element that there was more money that could have been made available on the incentive side but there simply was not then a project coming forward that we could support. In order to try to resolve that problem and several others, I think you know that I have now finished, for all practical purposes, the most dramatic decentralization of any federal departments so far as I know, in the history of the country. To put it in perspective, whereas 70% of the DREE employees are now in Ottawa and 30% in the regions, by the end of this year at the very latest, we will have 30% in Ottawa and 70% in the regions. We will not only have regional offices but we will have in addition, strong provincial offices, so that we have, in a sense, a two-tier system.

Now I am not going to, except in answer to some specific questions you may have, take a lot of your time to outline what this is designed to achieve but I can assure you that, in one word, it is responsive. In other words we want to be able, in terms of people looking for incentives, to have people on the ground who can assist them in Western Canada to get their applications in, to get them approved, to get them moving quickly. We are prepared, to the extent that you wish us to, to help you reinforce your own research in economic analysis branches, so that we are in a continuing way, aware of, and up to date on, to the extent that you wish us to, to help and reinforce just what is happening in one of the regions economically and perhaps, in a way we have an early warning system of new developments that may arise and that we might help to develop. It's been an exhilarating exercise for me over the last six or seven months and it's, to use Mr.

Schreyer's words, unquestionably a tremendous challenge. But I believe that it can lead the way to the same kind of application in a great many other fields. But it will only work if we are prepared to cooperate and I have no reason to think in fact that that isn't going to be the case. Thank you very much.

Premier Schreyer: Prime Minister, perhaps, well obviously it would be preferable for me to refrain just at the moment. I do have three specific points to come back on with respect to Mr. Jamieson's statement, but seeing that the way we are talking that we were only agreeing with each other, and heartily agreeing, there are three specific points that flow from your statement that I would like to come back to after colleagues have addressed themselves to it.

Premier Barrett: Mr. Chairman, Prime Minister I was listening so hard I almost forgot what I was going to say. You have always been a very impressive spokesman, Mr. Jamieson and I find that your frank approach is one that leads me to specific proposals. There are two things that we are concerned about and I'll be very, very brief—one is the proposition that we have put forward with the other premiers in terms of east-west access to those northern lands. Now we have submitted a specific proposal but that is on British Columbia's part and relates only to the area and approach that we think your transportation mode would fit and there is no use taking up the time of the Conference to go into that detail and I think you are aware of that. I was impressed by your concern about the need for social development and how you see the role of transportation in that social development. You said, as I noted, that it was a fundamental integral element and I appreciate that comment. One of the difficulties that we have had in the northern lands has been the boom-bust syndrome, where we have spent vast sums of money on a specific project to serve essentially the southern areas rather than leave a long term impact in the economy in terms of permanent jobs. Now some time ago I made a proposal to the federal government and to the United States government that there could be an alternative to the shipment of Alaskan oil: that alternative would be through the extension of B.C. Rail through those northern lands into Alaska. Now I said at that time that the rail lines from Prudhoe Bay to Lower Post, B.C., with an addition of a connection to the existing Alaska railway route would cost less to build than the amount of money that would be spent on a tanker fleet, pipeline route or both. The flow of capital would be contained in North America and in terms of relating that kind of thing to the MacKenzie Valley pipelines, alternative, again MacKenzie Valley is a one time expenditure. Now to be very, very brief the tertiary industries would see advantages because railways would leave some organized towns and we would have an opportunity of upgrading the living standards in those areas. I recall I made the statement that some three years ago that in visiting some areas in northern British Columbia I had not seen such poverty in terms of housing as you describe other than in northern Mexico and I must say that as much as we have tried to upgrade that kind of

housing there are indeed simply shacks that people are living in. They don't have proper running water, they don't have any town sites nor is there any organized attempt to deliver services to those people. I don't want to prolong this presentation, nor do I want to prolong the agonies of Northern British Columbia, but I want to refer you to this material that we have prepared especially to page 15 of *The Economic Way Out*. I know the Prime Minister has seen this material before and if this is considered to be a bit of a pitch you are absolutely correct.

Prime Minister Trudeau: We wish Information Canada had these means.

Premier Barrett: I'm sorry I didn't hear that. Oh! Well Mr. Prime Minister we scraped together a few dollars to present this material.

Prime Minister Trudeau: Your opposition is more understanding than ours.

Mr. Jamieson: And smaller.

Premier Barrett: I think that's an over-simplification. To put it much more simply, we have a greater majority. But I must say if you would care to turn to page 15 of this particular presentation you will note that in the year—

Mr. Jamieson: Is this responsive reading? *(Laughter)*

Premier Barrett: Well I don't have the benefit of the choice. But very quickly, and I don't wish to delay the proceedings, you will note that the total residual employment from the establishment of a railway through those areas would be, in the year 1973, 5,060 jobs and up to the year 1986, 9,150 jobs.

Many of these jobs can be utilized by the indigenous people of the area—the native Indians. And the distinct advantage that that has becomes obvious in comparison to the major investment over a short period of time for pipelines, whether it be the Mackenzie Valley or the Alaska route.

The other point that I want to make in conclusion is, of course, the environmental impact. Railways have traditionally in western North America, and now I think to northern North America, been seen as the mode of opening up the resources which eventually lead to permanent employment and permanent planned community development.

I also think that that current white elephant in Alberta, the Northern Alberta Railroad, could be integrated with this proposal in the Western Northlands, and the public funds spent on that railroad would come back in terms of positive revenue, rather than a liability at this time. All railroads are temporarily a liability, but usually they turn into an asset.

Mr. Jamieson: They have been temporarily liable for 100 years.

Premier Barrett: I'm glad you made that statement because I was a little bit confused about the figure of \$3 billion for buying the tracks. If they are such liabilities

we would be doing them a favour just to take them off their hands. But nonetheless, a \$3 billion asset side on the liability is confusing to me.

But anyway, coming back to this particular argument, what we have proposed in great detail is a method of opening that north west that can be integrated with other northern lands, that can use existing facilities and give us a permanent structure to build on in that area.

So I commend to you, Mr. Minister, because of your concern for the need for social impact, because of the need for transportation impact, and more than anything else, because of the need for some rational planning there, I commend to you this proposal which I have submitted earlier and brought to the attention of my colleagues. Just because it's from British Columbia is not the reason why I say it's a darned good idea.

Mr. Jamieson: Mr. Barrett, I don't think you'd want me or expect me to respond in technical detail with regard to the proposal. As you know, it is being studied. It has a certain relationship to a Queens University study which was begun some time ago under the auspices of the Department of Transport. The information that I have had is that it is being looked at, both by them and by others. Something of this magnitude is, of course, inevitably going to bring differences of opinion. I'm not sure whether they are around this table, and I doubt very much if there is any value at this stage in the game in trying to explore those differences.

On the question of access, however, on the road network that the paper provided, we are perfectly willing to sit down and discuss that with you. We would like, in the process of those discussions, to question and get your reaction to whether another kind of east-west type of linkage of this nature is more desirable or has a greater priority than some that we have identified with regard to the north-south access. I am thinking of places in Manitoba, and in fact in all four provinces. But as a principle of something for us to look at and see which is the more appropriate route to take, and the best approach to follow, then we are certainly prepared to talk about that with you.

Prime Minister Trudeau: Are there any other statements before we come to Premier Schreyer's three questions? Premier Blakeney.

Premier Blakeney: Mr. Prime Minister, I'd like to make a comment or two, and then I'd like to ask Mr. Thorson to make a comment or two.

May I say that I endorse very heartily the statements of the Minister with respect to Western Northlands development and the need to have that development for the benefit of the native residents there. I think for too long we have regarded our northlands as an area to be exploited for the benefit of the southern people, and that has produced the results which are all too obvious to anyone who travels in the area. I think they are very unfortunate results and they reflect very poorly upon us as a society.

It seems to me that accordingly we must be spending some money, our province is prepared to spend some and we welcome federal participation in taking roads and other amenities to those areas, which will provide a greater measure of social justice to people who have not enjoyed that for some decades, indeed for some centuries.

I want then to say how much I look forward to the decentralization of the Department. We have had our frustrations with DREE, as I suspect other provinces have had. We hope that we will simply put those behind us and look to what might come out of a new approach to DREE. I particularly emphasize what I take to be the statement of the Minister in response to the question I asked yesterday, that DREE was going to undertake a coordinating role on matters of regional economic development for other agencies of the Government of Canada. I hope I have understood that right.

Most of the problems we have looked at in Saskatchewan, and most of the opportunities for development, involve transportation, and, as Mr. Jamieson has indicated, sometimes involves the Canadian Wheat Board in its policy, frequently involves Canada's Department of Agriculture in its policies, and on occasion involves ITC in its policies. And there will be others involved. But those are ones which very frequently come to the fore.

And if you are talking about developing the secondary processing of agricultural commodities, you are pretty rapidly going to come up against agricultural or transportation policies. If you are talking about processing of forest products you may well come up against policies of the federal government in that area.

So I welcome this role. It is one which I think is an exceedingly important one if we are to have a focus for regional economic development which can bring to bear on the programs of the federal government.

I welcome also the proposals with respect to being less responsive and more seek-and-find, if I may characterize the approach as that. We too want to build on strength and on realism. We look forward to the General Development Agreement and the subordinate agreements thereunder, and we very much hope that we can sit down fairly promptly with the Minister and his staff and raise one or two of the development areas which we see are there, and which the Department, in its paper, agreed with us are there, and we look forward to getting on with that job very rapidly. We, for our part, have been restructuring our public service so that we can, I hope, respond and give the same sort of focus that I was suggesting Mr. Jamieson's department might do.

With those general comments, I will ask the Minister of Industry, Mr. Thorson, to add a few comments.

Mr. Thorson: I feel that perhaps what I have to say has already been said in one form or another, but I would like to try to reinforce some of the particular points of concern of the western provinces, perhaps of all of the provinces, in looking at the activities of DREE, and in looking at its approach to Western Northlands and other areas of Canada where development is so much needed.

We are heartened by Mr. Jamieson's statements this morning because we think truly he is speaking for the Government of Canada, and making a commitment to what we believe is essential in terms of social needs of Canadians, that is there should be development brought to the people, rather than shifting people to areas which are already, in many cases, overcrowded or suffering from the pangs of too rapid a growth, and where some areas are clearly not growing fast enough.

Truly the initiative of DREE is, I think, to try to find those development opportunities areas where people are needing jobs and seeking jobs.

In the West, obviously that means maximizing the potential of our resources which may be agricultural or forestry-based, or mineral resources, or petrochemical or marine or fishery industries.

I would like to enunciate three principles which I think the Government of Canada must adhere to if we are going to have any success in this area. First, I emphasize again our concern that, welcome as the DREE initiatives are, they alone are not sufficient. We are engaged in our province, and in other provinces, in this joint planning process with DREE to identify the development opportunities. We welcome that. But even if we are successful, not only in identifying the opportunities, but even developing opportunities, we still feel that unless there's a compatibility with other federal programs and other federal agencies, these initiatives will not be sufficient. So we see DREE as absolutely necessary, but we hope that this catalytic role or coordinating role, will really be effective in terms of making sure that other departments which are concerned with development, such as Agriculture, Industry, Trade and Commerce, or Energy, Mines and Resources, all work towards the same objectives in terms of regional development.

I say there are three principles which I think need to be adhered to if we are to be successful. And they are, if I can put a heading on each one, Reform, Intervention and Initiatives.

Much of this Conference has been concerned with reforms, and we see that as being very crucial. The statement which Mr. Jamieson made about transportation being so fundamental and so crucial to all of this regional development is very welcome indeed.

There are other areas where reform is necessary, particularly in federal programs. For instance, we need to do something about the overwhelming concentration of funding in Central Canada for research, technological development, as well as for managerial and technical training. We need reform in trying to make federal programs more helpful to the smaller business firms, which are so much a part of the fabric of Western Canada particularly, and of other regions of Canada outside of those which are dominated by large firms. We need reform in the system of tariffs and trades, especially where they have regionally discriminatory effects. We think there is need for some reform in our manpower training programs which have tended to try to move people to these areas where there is already, as I say, an overconcentration of people and economic activity, in order to make those programs more

compatible with the objectives we were talking about earlier today, the social objectives of bringing the jobs to the people, or developing the opportunities where the people already are.

Secondly, in addition to these reforms, we think the federal government has to commit itself to intervening in those things which through dynamic economic forces, whether in the private sector or the public sector, will mean that some development is going to take place no matter what we do. And the intervention that is needed is to try to direct that development into those areas of Canada where there is the greatest need for economic activity, for more jobs. And that's especially true, not only when things are going to happen in any event, but when they are projects which are likely to be singular or unique for a period of time, to make sure that they don't build on already very dynamic economic areas of the country, but that the federal government intervene to redirect these to other areas.

Then, thirdly, we think the federal government has to be prepared to take initiatives, economic initiatives. And now I think particularly about things which will not occur at all unless the federal government takes the initiative. Some of these are research projects; some of them are transportation systems or developments of transportation systems that Premier Barrett talks about with respect to railways and access of our northern lands; sometimes it's public works or other kinds of cost-sharing programs with provincial governments which, as I say, will not likely take place at all without the federal initiative.

Mr. Prime Minister, I make these statements because I believe, if there is a commitment to these sort of principles, we will be able to have the maximum development of our economic opportunities in Western Canada. But that alone is not a sufficient reason for making these proposals. The fundamental reason is that we believe an adherence to these kinds of principles will strengthen Canada as a whole, and that statements like "Canadian unity" will be much more meaningful to individual persons, regardless of the region in which they live, if we are vigorous to adhere to these principles and proceed from this Conference to put them into effect.

Mr. Jamieson: I'll try to deal quickly with these because of the time constraints. Again I don't quarrel with the principles that have been laid down, and I hope I can give you illustratively a few examples of how I think we can meet these three headings that you talked about. But just before getting to that, could I talk about what I see as one of the most serious general problems of Western Canada, and I suppose this is fair to say all of Canada, I use the word demographic objectives.

It seems to me that in our discussions and what we plan to do à propos of the Western Northlands or some of the more remote regions of the provinces, it really has to be centred upon a decision, to some extent at least, as to how each of the provinces wishes to see its population dispersed throughout the province. As you know, we are fighting some rather strong natural forces in terms of polarization around big cities, and that's true in the West as it is in much of the rest of the country. So, there-

fore, the question that I think has to be asked in each case, by the province really, and decided by its people, is where it is that they want to live, and how we can best then—I'll repeat the word I used before—reinforce what I believe is called in Manitoba the "stay" option. For what is essentially the same in my province of Newfoundland, is the question of whether a particular lifestyle is one which is going to be acceptable and desirable to a significant number of people. And my judgment is that if that lifestyle is, in fact, acceptable to those people, then it is up to us federally and provincially to provide for those people to the greatest extent we can, the amenities of life and the social services that make that kind of life satisfactory. So I say, without getting into a philosophical point of view, that that is a really quite important question that we have encountered in our examination of the economies of the various parts of Canada. And it does have, indirectly, a bearing on some of the things Mr. Thorson said.

On the catalytic role, Premier Blakeney, I think that we are already demonstrating that this works. We have had tremendous cooperation from organizations like IT & C and Agriculture, and in one or two cases they are already, in fact, on what we call working teams with us, working with you, so that they don't come in after all the action is over. I would hope that we can reinforce this and there should be a desire on the part of the government departments in Ottawa to do just that.

And that, of course, is really the response to Mr. Thorson's correct observation that DREE alone is not enough, that there have to be other agencies involved. Could I also turn that around and say that federal activity alone is not enough. We have to have a very close integration of the things that you want to do. And here I, just in very casual passing manner refer to something Mr. Getty brought up yesterday, and which I would like individually with the provinces to have discussions. And that is the matter of "stacking". More and more provinces are having their own industrial development programs as was mentioned yesterday, and these are certainly welcomed. But there is quite a difference of opinion between provinces as to whether they want to give a grant or assistance on top of whatever federal assistance is available, and there is no question, again in my mind, that we have to consult with you and say, okay here is an applicant or here is a developmental opportunity, who takes what part of the action? So that we have agreement on that kind of basis. Because there is quite a difference of view from one province to another as to just how this ought to be handled.

I could go on at great length to talk about the differences that exist but which we can discuss individually about assistance on an equity basis, whether the federal government should be taking an equity position in some of these enterprises. There are a lot of these things, but I agree that it is not enough just for DREE alone to be involved in this. It will certainly require the assistance and cooperation of both sides.

On the matter of reform, which again is a good word to use in Western Canada, and I suppose in any part of

the country, research and development is also, of course, implicit in the approach that I am outlining. That is, if you are going after major developmental opportunities it is clear that you are going to have to have a fair amount of research and development in order to identify these.

The same thing is true with regard to the reform of our programming to help small business. May I say that on the subject we were discussing briefly yesterday, which will probably come back, the whole question of capital financing and the like, that in a large number of cases, and I have had from some of you the same reactions, the difficulty is not so much that funds aren't available. The problem is the question of guidance and help for small business in terms of giving them the management skills. And by the way this is especially true in terms of the native people. It is not just a matter of saying, we are going to have a canoe-building factory. You have to give them some assistance with regard to management, marketing and things of this kind. By decentralizing we expect we will be able to do that better.

The other matter that was mentioned was tariffs. And here once again the multi-dimensional approach is clearly in evidence, because if we sit down with Alberta and say there's no question that there is a good chance for this province and for Canada in a particular field, one of the questions that arises is obviously, is there a market, and that can in many instances, probably reflect back on the question of how is the tariff going to affect that market. So it is this again comprehensive analysis that I have been referring to.

Intervention is equally, I think, necessary in this day and age. That we have to, not rob Peter to pay Paul, because I don't think that really accomplishes very much. But, certainly, there has to be, and there is, consciously a bias in this particular program in favour of those parts of the country that are not as well off as the others are. And so therefore we will be looking for, and encourage people to come to Western Canada, or to come to Eastern Canada, the Atlantic provinces, where it is possible for us to make the logical place to do so.

I make no apology for that kind of intervention. It seems to me that it is a legitimate role for government, as long as, as I said, we're not just simply putting 400 people out of work in one place to create 400 jobs somewhere else. In other words, that's the treadmill thing which you dislike and which I dislike.

Finally on the question of helping the whole of the country, I am pleased that you said that, because it gives me a chance to say something that I think it is important to have on the record of this Conference, and that is that DREE helps where, and is going to help, where help is needed. I don't think that it's either advisable, or in any way helpful to national unity, to point the particular areas of the country whether they happen to be my province of Newfoundland or the province of Quebec, or whatever, and say, they're getting it all, or they're getting whatever. I think the operative words are fair share, and I undertake myself here, to say that as long as I am Minister of this department there will be a fair share and I think we now

have the mechanisms in place to do that, even better than we did before.

Prime Minister Trudeau: Thank you Mr. Jamieson. I would invite Mr. Getty of Alberta.

Mr. Getty: Mr. Prime Minister and Mr. Jamieson, I intend to be very brief. We find it very hard to be specific with DREE as I'm sure the Minister will agree, it's still sort of a moving target. DREE has not really solidified in its new form. We admit to having been unhappy with it in the past. Alberta, I think it is fair to say, was prepared to proceed without DREE in our programs if we were going to have had to deal with it in the form it was in the past with many of the built-in problems which we felt it had. We are encouraged though. I think your number 1 word would be realism, ours would be flexibility. We are encouraged with your discussions about a new flexibility in the programs that DREE will be able to deliver in our province. We are insisting, and I think you have agreed, that no longer will the Department of Regional Economic Expansion attempt to deliver its programs in some selected area basis in Alberta. The problems that that developed were certain areas of our province were able to take advantage of the various DREE programs and others who were automatically disenfranchised, or automatically unable to compete. Again we have laid those problems out to you and to your department and we are very pleased that the new initiatives are now going to be developed without those kinds of areas.

I wanted to ensure that we are going to cooperate in every way possible with reaching this General Development Agreement. We aren't sure about the way you intend to develop these specific projects and whether these projects must be identified in advance of the agreement itself. We consider an overall umbrella agreement necessary. Various programs under that agreement, which the province, in conjunction with your department, can plug into and select certain ones for any particular project, whether it's an industrial development project, or whether it's the infrastructure that's necessary in a northern community which is starting to grow. So we are, I guess I should leave it on the basis, encouraged with the flexibility and the initiatives. We are still waiting to see it solidify. We are going to spend a great deal of time in the next few months attempting to come to that final form.

On the area of Western Northlands, I think we should say that again we're pleased with the initiatives in the north, because certainly across Western Canada, the need is there. We are cautious because of the old DREE program which in fact ran across the south of our provinces and had built into it many many problems, and merely to flip sort of the whole map over and now have it in the north would be I think a disadvantage and we trust that that is not going to be the intent of your department, but rather the Western Northlands would also fit into the general umbrella agreement, so that we can assist the people in the North, the native people. As you recall, under the old DREE program the ARDA 3-B program never really got off the ground and never operated in Alberta because, although it had great expectations it was so inflexible, it had so many prior conditions built into it,

that frankly our native people were completely unable to really make any use of it, and in fact, we decided not to even put it into effect within our province. We are already moving in Northern Alberta in many ways and it's a very challenging problem. We have in Alberta a Minister in charge of northern development, who met with you, as a matter of fact and discussed his interest in your western northland concept. He is now developing many new initiatives. We have a transportation market roads program in northern Alberta, across our whole province, but it is very valuable in northern Alberta. We have a native and Metis housing program going in our province. We have the Alberta Opportunity Fund and the Alberta Agricultural Development Corporation, which I mentioned yesterday, which can be used possibly and I'm encouraged by your term "stacking" if it means that these various things can be molded together in order to make a project work. The kind of stacking we wouldn't like would be the stacking which merely asks the people, the taxpayer, to pay for your program operating within our province and our program, and they're both doing the same thing but there's some price of ownership and therefore you have one and we have one. We wouldn't want that. We think that we should be able to cooperate to the point where they will fit together and get the job done. We have training and retraining under the auspices of our Minister of Advanced Education and our Minister of Manpower and Labour and they are working very hard right now. We see a potential role for DREE with them in gearing up the north of Alberta, northeastern Alberta, and the native people to get a maximum benefit from the tar sands as they come into production. There is no question in our mind, and we're going to insist, that the people in the area benefit to the maximum degree. It's already been discussed by our premier. But all of these things, as I said, are difficult. It's going to be difficult to fit and select the correct role for the federal government and DREE within these various programs I've mentioned. But we intend to try and we'll cooperate in every way possible to make sure that if we can do it we certainly will.

Mr. Jamieson: Thank you Mr. Getty. I won't take time with a lengthy response, I will say that your understanding of the various principles as you stated them is correct. The General Development Agreement is essentially an umbrella as you outlined it, which permits subordinate agreements on specifics and not just the ones that we now are aware of, but any that may emerge as I said in the future. I would like to take a moment because I neglected unfortunately to answer Mr. Thorson on the manpower question. That too, has to be, I think we're on all fours on it too, because the retraining is one of the staggering problems. I know there are some academics around this table. One of the things that our papers reveal and that we have discussed at great length is the disequilibrium between the work force as it is being turned out and the job opportunities that are likely to exist, and there is a great necessity for trying to bring these two into closer focus. And so the manpower department will certainly be working very close with us.

Prime Minister Trudeau: Thank you Mr. Jamieson. I now call on Premier Schreyer.

Premier Schreyer: Prime Minister, I think it's pretty obvious to me that much of what Mr. Jamieson has said this morning, we can heartily concur with, there are however, I believe three specific points that deserve some concentrated attention. First of all, I would say that I am quite astounded to hear that in fact the amount of DREE funds approved for industrial development, industrial incentive grants in Western Canada, was less than the amount of funds appropriated and available. The reason I am astounded is that while I recognize that DREE has up until now been largely, if not exclusively, responsive to applications, and that therefore if there haven't been that many applications there could well be a residual of funds left that were available, but not actually granted out. Yet, I know in a very definite way that many applications that have been made by small businesses indigenous to the West, by some entities that are joint ventures, private-public joint ventures, have not received approval and I got the distinctive impression that DREE was being quite sticky and quite rigid as though they were facing a short fall, or an insufficient amount of funds. Now we're told the opposite and so therefore we can only continue to be very curious and hope that this problem will correct itself.

I want to share with Mr. Jamieson the thought that certainly it would not behoove us here at this Conference to come forward with a long shopping list of requests in an effort to try to extract or extort or gouge from the Government of Canada funds out of proportion to its responsibilities to all the rest of Canada. And I heartily agree that we have a right to ask only for what can be, I suppose, generally described as a fair share. In fact that is precisely what we have been doing. I've used the term "proportionality", that we hope that there will be a greater proportionality in the actual application of the various programmes operating under the aegis of the Government of Canada. Proportionality, Mr. Jamieson, that's all we really ask for and we resist the temptation to take the advice of someone I understand was interviewed just the other day, who said that if the western provinces were guilty of anything at this Conference it is that we haven't been asking for enough. I think we have to resist that and I'm sure, Prime Minister, you wouldn't agree with that particular observer in any case.

I want now, Mr. Jamieson, to focus back on the question of Western Northlands, and I'm particularly pleased, Prime Minister, that Mr. Chrétien is here because the matter really comes down to a very fundamental case of the need for both levels of Government to really try to do far better than we have in the past to bring greater equity of treatment, greater opportunities to those people living in Western Northlands who are of native descent.

Mr. Jamieson, you indicated that there is approximately four hundred thousand population plus living, working and living in Western Northlands, and that very close to half of that number are living in communities that are predominantly of people of native descent. One of the great frustrations of my experience, and I'm sure it's shared

by the sister provinces, is that it seems at times as though one level of Government is trying to outwait the other as to who shall, you know, move in first and incur the expenditures that are really so clearly needed in human terms in providing basic transportation access.

Now, I know that some effort was made two or three years ago with the concept. It was known as ARDA 3-B. Well, I think ARDA 3-B was an excellent concept but it was very poor in its execution. It has been a matter of extreme frustration to us all and Mr. Getty has already pointed out that fact.

Well, I hope we don't make the same mistake and that, while I agree that we can't rush into programmes that involve large amounts of public monies, federal and provincial, there is need to negotiate in a precise, perhaps even a painstaking way, the best way to proceed with respect to community infrastructural development, the best way to go about providing group community services. Yet I do say this, Mr. Jamieson, while we can afford the time and must take the time to negotiate that in good detail so that we don't have to quibble later as to the interpretation of the agreement, nevertheless, there isn't that much time nor should we want to take that much time to come to some basic understanding with respect to the pace with which we proceed with the building of basic transportation access to these resources in the western northlands. And let me make it clear that when I say resources I do mean, as you do, both human as well as natural resources, social as well as the economic dimension. If we get the basic transportation in quickly then it will reduce the expenditure or the cost of getting all the other programming into place. If we do it the other way it's like putting the cart before the horse. It will cost that much more to get all your supplies that relate to your various infrastructure development programmes into those places because road access will not yet be ready and as you well know, if we want to do something three or four years from now you have to start today with planning and design for road construction. And so I would hope that at least the transportation element in the Western Northlands concept is something we could get some relatively precise definition on here at this conference. I must say that I was extremely gratified yesterday morning when the Minister of Transport was able to advise us, to give us precise quantifications as to the available funds on a cost-share basis for the construction and improvement of east-west transportation or highways at southern latitudes. Can we get something similar with respect to transportation in the northern latitudes or in other words the Western Northlands? If we can do that, then we can set about with our highway planners and engineering design work, so that we can start next year, so that two or three years down the line we will have the basic transportation in place which will do two things. It will enable the people living in those communities to have at least hope of access to resources or, upon which they can earn their livelihood. Without transportation access they cannot do so. And secondly it will also save federal and provincial government money in the sense that it would cost us that much less when we go about putting some basic community

social infrastructure into place. So I'm asking not for a commitment on a particular piece of road from point X to point Y but I am asking for some effort to give us some quantification as to monies available and a general formula concept for putting transportation access into place in this part of our country. And I'm sure Mr. Chrétien can from his own personal recollection and observations verify the fact that there are many communities in Western Northlands in which there is a high dependancy on expenditures by the Department of Indian Affairs largely because there is no meaningful access at the present time to livelihood earning resources. I'm not suggesting that the entire cost of building transportation access to communities of people of treaty status should be borne by the federal government alone, but surely it is not only non-productive, it is socially cruel that we should have two levels of government, one waiting on the other to take the first step. We have to take the first step together.

Mr. Jamieson: Well Mr. Schreyer, I wish that I could give you a firm figure. I can say that I am satisfied that the amount will be adequate. The reason I can't is because the negotiations that are now going on with the individual provinces haven't really reached the stage yet where I could say X dollars for this or that province as the case might be. I hope you will be satisfied with my assurance that I see no serious budgetary restrictions in terms of a four or five year programme, or whatever length of time we agree on to complete these, this would be a very high priority. I pointed out the overall budget of the department which is very, very significant and which of course is reinforced by very large amounts in other departments which can also be described in a sense regional development funds, Mr. Chrétien's being one, Transport being another. I haven't any doubt that once we have, and I would hope that when I say that we will complete it quickly, I'm talking about a matter of weeks, that I think that we would be able to say to you in a very short time, okay for the 74-75 year whatever the case might be, this amount is available. I regret that I can't go beyond that because, and I don't say this in any adversary fashion, I'm not sure that your own province knows itself at this moment just what might be involved in terms of dollars. I don't know because I haven't conferred with the officials on this. I may be able before the day is out, to give you a so called ball park figure after I have had a chance to consult with the officials on it, but it is certainly not any reluctance to put a dollar sign it's just that I don't really know.

On the question of rejections, I'd like to bring that up in this last moment because I'm glad it came out today. Because first of all it shows that the department is not a bottomless pit and its generosity is just such that we throw money out the window. Better than 50% of applications from across the country are rejected. Some of them are subject to question of "whether we should have rejected them or not," by the way, I can say from personal experience, because I review personally all those claims that come in, or "that we didn't treat an applicant fairly," and in the great majority of cases, I reached the same conclusion that in fact was made on the basis of assessment.

Now what I am certainly prepared to do, and indeed you and I have started this in a small way on a couple of projects, is to examine with you what your judgment is of particular developmental opportunities or things of this kind. I think the main reason that there wasn't as much spent as there should have been was that basically the applications that we received, and this is not just through Western Canada, it's through all over Canada, are not all that well formulated, and this is again something that will be helped by having a strong provincial office, by having a strong regional office and by also, I fall back on a Newfoundland expression again, having people who can take the measure, the cut of a man's jib as we say. You know, there's lots of times that putting it on a piece of paper, an applicant may not look like very much, or an application may not, but if you had the chance to talk to the person concerned, you get a different picture, you get a different kind of focus. And that's why I am trying to eliminate this remoteness so that if it comes in on a piece of paper and it's Ed Schreyer, who the hell is Ed Schreyer, you don't know. But if you go out and see him, well hell, you probably have to give him half the money you have in the bank.

I think that's the basis for it. One final comment on the ARDA 3-B because it was raised as well by Alberta. We are quite prepared to renegotiate those ARDA 3-B agreements. We think the idea as you say, was good. There are inflexibilities in them, but I've conveyed the impressions already and I believe again that talks are under way. I think I covered the ground as well as I can, I gather we're at the end of our time, Prime Minister. Mr. Getty said we hadn't solidified enough yet, well, I want to solidify but I don't want to become rigid. Thank you very much.

Prime Minister Trudeau: Thank you, Mr. Jamieson.

Premier Schreyer: Prime Minister, just a comment.

Prime Minister Trudeau: Yes, Mr. Schreyer?

Premier Schreyer: I just want to say to Mr. Jamieson that I like the cut of this jib for that matter, all four of you from Government of Canada sitting there.

I think it's reasonable to simply say this, that with respect to all of the other components of your Western Northlands concept we are not pressing for quantification on available funds. We are however, pressing, but we believe in a reasonable way, for quantification first and foremost on the amount available for basic transportation access. Now you say that you don't have that now, but in a matter of weeks you would hope and I regard that is being altogether fair and appropriate in the circumstances.

Mr. Jamieson: The officials are here. They have heard the discussion and they know what the priority is.

Prime Minister Trudeau: There has been frequent reference to the matters coming under the Minister of Indian Affairs and Northern Development, Mr. Chrétien. I will ask him to make a few comments before winding up this morning.

Mr. Jean Chrétien (Federal Minister of Indian Affairs and Northern Development): Mr. Prime Minister, Premiers, I don't want to make too many comments but I am quite happy to see that at this Conference we have agreed to perhaps have a real serious try at developing northern lands in the provinces, and it so happens that in those areas most of the people, although are of native descent, and I am very hopeful that this will bring some result that will help them to find a good place in the Canadian society.

But I'd like to put a word of caution here. I'd like to make the Conference aware that those plans can be very good but if the people involved are not really consulted, or involved in the development of those grand schemes, you know, we won't achieve many results. They are better organized since a few years. They are very frustrated when we don't try to get them involved in the development and I hope that when the officials of the provincial and federal levels will discuss those schemes, they will make sure that the native people will get their chance of participating. Many times if the projects come from them, there are better chances of success. I just want to pass the word to all the Ministers that, we have always to be conscious about this problem and not to be paternalistic but just ask them in which way they could participate and help you to develop the northern lands. If we do that that way, there's a better chance of success, and it's all I have to say Mr. Prime Minister.

Prime Minister Trudeau: Thank you Mr. Chrétien. We should be winding up now, so if there are any rapid comments. No? In that case we'll use the next half hour to wind up the whole subject of industrial and commercial development, a subject which has been divided into six sub-headings and we agreed that the next half hour could be used in the way that the provinces decide. I would call on the Premier of Alberta first who wants to raise the subject of tariffs. I see Mr. Turner, and Mr. Gillespie, is around, we could have him. While we're getting in place there is one point I want to make as, perhaps more as the Prime Minister of Canada than as Chairman, it is that frequently when we were discussing particularly the Department of Trade and Commerce yesterday, a figure was used to show that the percentage spent in Western Canada by that Department was considerably below the percentage of the population that Western Canada had in all of Canada and I feel it important to come back to that to make the following point. It is true as Mr. Gillespie said that the percentage is lower than the roughly one-quarter of the population which lives in Western Canada. He indicated, I think, the very significant ways in which this proportion will be heightened. But in other subjects that we discussed, for instance DREE, or Fisheries, or Agriculture which we will be discussing later, the percentage of course is completely different. For instance, in the case of Fisheries, the percentage of federal money spent in Western Canada is considerably above the one-quarter figure which is that of the population. It is closer to one-third in the case of Fisheries. In the case of Agriculture, the percentage spent in Western Canada is even considerably higher than that.

So, since we are talking to all Canadians from this forum, I think it is important that I put before this Conference, on the record, another figure. It is that when you take all these programs together, and you look at the general classification that we use in our federal publications particularly the one called, *Where Your Tax Dollar Goes*, if you look at all those dollars spent in the general area of economic development and support, which includes DREE, Fisheries, Agriculture, Trade and Commerce, and other sectors, we have the same proportion, roughly one-quarter of all these federal expenditures for development and support are spent in the West.

The total expenditure of all departments of all federal spending, in all of Canada, if you look at what percentage has been spent in the West, it's roughly one-quarter too. I don't think that this is the result of specific and constant endeavours for the past many years. I think things average out that way because the Government of Canada attempts to be the government of all Canadians, and it attempts to ensure that its tax dollars are spent roughly equitably across the country.

We have rejected, and I reject today, the concept of statistics as being able to show what we all get out of Canada. I don't think it's merely a matter of balance sheets and of proportions. There is much more than monetary value that we get out of the existence of Canada.

But it is significant that roughly one-quarter of everything the federal government spends is spent in Western Canada. Roughly one-quarter of everything that we spend for economic development and support programs is spent in Western Canada.

As a result of these discussions I am sure that the sub-items may change. We hope that Mr. Gillespie's spendings may go up in the West proportionately. Perhaps as the result of that, other programs will go down. There will be less need to support other types of endeavours through other departments.

I think it is important to put this on the record. Mr. Gillespie alluded to it yesterday. I want to return to it emphatically. It is a bad thing when Canadians begin to single out one particular action of the federal government and say, well there's not enough for us in it. We must constantly remind them that we are part of a total picture, and that when you look at the total picture expenditures across the land are pretty fairly distributed.

That's all I wanted to say. I will hand the floor to the Premier of Alberta.

Premier Lougheed: Thank you Mr. Prime Minister. In fact your remarks lead very directly into what I'd like to speak about today, because I believe it's clear that in my opening statement on behalf of Alberta we made the statement that we are not looking for a special privilege. We are trying to avoid being thwarted by policies or by unnecessary obstacles. In fact, I think it's extremely important that we look at this whole Conference in terms of what's good for Canada and what's good for the West.

I sense, though, that what's really missing here at times, and certainly this is my feeling with regard to this critical area of trade and commercial policies, is sufficient aware-

ness of the potential of the West. I think the fact it may have been, with respect, Mr. Turner, that we were limited in the constraints of time yesterday on the matter of tariffs. But to talk about economic development in terms of Western Canada without a pretty extensive emphasis on tariffs, and what we might be able to do in terms of tariffs, is I believe a mistake.

On reading over your document, Mr. Turner, last night, I got the disappointing feeling that the federal government, at least as of now, doesn't feel that the question of tariffs is one of the key instruments that could be used in terms of creating jobs in the West. And when we talk about jobs in the West, Mr. Prime Minister, I fully concur with that. It's not just simply the parochial provincial situation of more jobs in terms of Alberta. Certainly our unemployment figures are pretty well known to all. In terms of the participation rate we have the highest in Canada. What we're looking for is future jobs, both for our young citizens and citizens of Canada at large. And so why should we not, around this table, concentrate a little bit more on where those areas might be in Canada where we can expand upon new job creation? The tar sands is an obvious example.

But the other one in our province, in our evaluation, being here at the scene and looking at it, and making it an evaluation, involves the petrochemical industry. It involves a number of others in terms of agricultural processing, and in terms certainly of British Columbia as well as Alberta it involves the question of wood products.

We put in our position paper to you, and I sense to some extent that you responded perhaps more to the question of the balance as between East and West in the document, but we concluded the Tariffs and Commercial Policies section with the comment that Western Canada could support a world-scale petrochemical industry, if we had easier access to the United States. If the tariffs between the United States and Canada were equal, then Western Canadian plants would enjoy a large export market in the United States. Presently Canada must pay a tariff for shipping methanol into the United States of approximately six times the value of the equivalent Canadian tariff. We are involved now in an extensive export of oil and gas, but particularly I mention crude oil into the United States. I think we have an opportunity here if we handle it well, and it won't be easy, but handle it with some delicacy, so that we don't and we're not trying to do it in a way that jeopardizes jobs in Eastern Canada. The look at this area is possibly one where we could even it up first, and perhaps also generally reduce it.

We're prepared. Mr. Turner, the Chair, asked me yesterday where Alberta stood in terms of the question of reduction or increase of tariffs. We take the view in Alberta, in this area of petrochemicals, reduction, we think that we can compete if we can have a large enough operation, that has the economies of scale, that can, in fact, compete. We think we can compete because we have got a low cost energy at a time of rapidly rising energy costs, as has been reflected in the federal government document.

So we can talk in all of the broad terms about tariff policy and East-balanced West, but we can come right down surely, in terms of looking at some of these areas, where we might say, let's at least start off and kick off and make a real determined effort on it. And what we urge you, in response at a Conference such as this, is to say, all right, there's one. It's not the only one and maybe from British Columbia's point of view, or Saskatchewan's or Manitoba's point of view there are others.

From Alberta's point of view, at this stage, we put on the table a request for a determined effort by the federal government, and we're happy to work with you, in a full consultative way on the specifics, through officials and through ministers, in terms of a reduction, on first of all a balancing up and I think a case can now be made relative to the petrochemical situation.

I recognize the reaction of the United States is going to be, as it has tended to be, in observing it over the last little while, a highly protective one relative to the petrochemical industry themselves, relative to their concerns. And we have the problems of the monetary fluctuations that are concerned. But we also have a pretty significant desire for the crude oil going from our province, and surely working together there must be some way that the end result could be the leverage for the reduction of tariffs, particularly in this area of petrochemicals, and a balancing up, so that large-scale petrochemical operations could be developed at the source of the energy. And we are prepared, for our part, to make what necessary adjustments might be required in terms of low cost feed stock. And that's going to give it real whip, but we need the second whip to make it go, and that's in the area of tariff reductions.

Mr. Turner: I would like to reply to Premier Lougheed, with your permission, Prime Minister. If the Premier misunderstood me it must have been because of time limitations. Because certainly in the philosophy of the federal fiscal, financial, commercial policy, we have tried to open up the potential for a wider economic base in Western Canada. I think in terms of proper tax policy that reduction to 40% not only for manufacturers but for processors, had as its direct purpose, and I hope its impact, the encouragement, in Western Canada particularly, of the laterally rather than bilaterally. For two reasons: first of the country can be converted in Canada, in these provinces, into secondary goods. Now, tax policy is one aspect of it, as Mr. Gillespie outlined in his set of coherent industrial policies. I recognize also and I think the paper implies that the commercial trade and tariff policy is also part of that thrust.

Now, on the question of petrochemicals, I said yesterday that I thought it would be in the interest of Alberta and the interest of Canada to pursue this matter multilaterally rather than bilaterally. For two reasons: first of all, the petrochemical industry in the United States is one of the most protectionist oriented industries of that country, so much so that they were successful in the last round of tariff reductions, the Kennedy round, to resist being included in that round. And secondly, there's no authority on an industry basis under the trade reform bill

currently before Congress to authorize that type of industry across the border arrangement. Second reason is that if reductions were to be obtained from the United States on petrochemicals, then if it were bilateral concessions would also have to be given within that industry from the Canadian side. I thought we could do it perhaps a little more successfully from a multi-lateral point of view.

Now, we want to help. And if Alberta and the other western provinces give us a list of all the petrochemicals of interest to them, if you give us suggestions as to what levels you want the American rates to be, or to be reduced to, product by product, in order to provide access of the United States market, we'll go to bat. On the other hand, every tariff reduction is a quid pro quo. I said this is a negotiating proposition. You also better let us have some information and some suggestions from your point of view, product by product, as to products on which the Canadian tariff might have to be reduced in payment for those American concessions. All right.

Premier Lougheed: You're a better negotiator than that, Mr. Turner.

Mr. Turner: But we want to know what your negotiating parameters are, because we want to negotiate not only on behalf of the country, we want to know what Alberta's stake is in it as you see it. You give us that, we'll stay in touch with you.

Premier Lougheed: Could I just comment in response. It's not just an Alberta stake, it's a stake in terms of Canada because quite clearly it's in Canada's best interest if these jobs, if this new job creation, is spread throughout Canada.

The first item that Mr. Gillespie raised was, in fact, the constraint regarding trade barriers and was, in fact, trade negotiations, and I took it, I presume fairly that the priorities were in that direction, and we well recognize that there is a quid pro quo, but we also recognize that our view that there can be an effort made in terms of the energy crisis developing in the United States, to use the leverage of the crude export and certainly that's a matter that I think has some broad appeal to Canadians at large and comes right back to the question of processing of our natural resources. But I appreciate the way you put it in terms of, if I took the quote right, going to bat with us and for us, in terms of attempting to improve the probabilities and the prospects of major petrochemical development in the West.

Mr. Turner: And I believe, Prime Minister, on this particular subject, what's good for Alberta is good for Canada.

Prime Minister Trudeau: Any other comments on this very general topic, either on tariffs or any other aspect of it? Minister of British Columbia.

Mr. Lauk: I think that Premier Lougheed especially in his general remarks expressed the position of British Columbia with respect to tariffs. We can only repeat in a general way our interest in making the new negotiations with respect to tariffs more equitable in terms of western

economic development, rather than us being the supplier of raw materials to central Canada, which historically, seems to have been the case.

The one point that I wanted to raise was this: Mr. Turner invited specifics at this stage. The Honourable Minister of Industry, Trade, and Commerce, recently sent a letter to his provincial counterparts inviting them to participate in a committee. It was my view that we would have some lead time, be it not much, to prepare some suggestions for the GATT negotiations this fall. The thing that strikes me about Mr. Turner's remarks that are somewhat puzzling is that we have not, to my knowledge and I'm instructed that at least British Columbia has not been involved in this kind of contribution before in the way I take it Mr. Gillespie desires. We have, therefore, not developed the expertise. We feel that the federal government has the expertise. They know what tariffs are, they know what the intricacies are. We know the problems. What we're saying is that we're asking you to solve those problems, being your federal function. Now, we're going to do our damnest for the next several weeks, to develop what expertise we can and provide the information in due course.

Mr. Turner: Prime Minister, yes, I believe that at the federal level we do have the expertise, we do have the responsibility. What we want from the provinces by way of this consultative process is what the provincial priorities are, both within the public and private sections, and then our job will be to try to reconcile those priorities.

Mr. Gillespie: Just one comment to Mr. Lauk. You don't have to worry about it in terms of two or three weeks. There isn't that kind of crash program atmosphere about this. As Mr. Turner remarked yesterday, the real negotiations won't get under way for about a year. The September event is really the kick-off in terms of the objectives, the ground-rules, and so forth. But the actual negotiations won't take place until later. So we've got a good deal of time and this is what I stated in my letter to you. I think a good deal of time to prepare carefully the Canadian position for the real negotiations when they do get under way.

Mr. Lauk: Do you think it would be possible, Mr. Prime Minister, to perhaps have Mr. Gillespie's department or Mr. Turner's department supply us with a federal consultant when we are preparing our proposals to you?

Prime Minister Trudeau: I think when we have requests from Premiers across Canada to borrow consultants, experts in various fields, the answer is generally yes, if it's reasonable and for a reasonable amount of time.

Premier Lougheed: Mr. Gillespie's comment just raised a concern with me. I presume what Mr. Turner and I were talking about is, that although multilateral negotiations would be the basic overall thrust and the time frame was described by Mr. Gillespie, I would trust and hope that in the areas we've been discussing, and having regard to the 70 per cent back and forth portion of our trade with the United States, that trade negotiations with the United States are going on concurrently and simultaneously with

the emphasis in mind. I don't want to be thrown into asking you, Mr. Gillespie, eighteen months from now, how you and Mr. Turner are getting along in what we just discussed.

Mr. Gillespie: Look, I don't think you understand the process if that's really what you are saying because the United States President is seeking authority right now to negotiate in the next round. He hasn't got that authority, Congress hasn't given it to him. I am not sure when Congress will give it to him.

Real negotiations won't take place until Congress has given the President that authority. So, you know, that's the ball game and to suggest that we can be negotiating now some kind of bilateral arrangements with the United States against that multilateral background, I think is to misunderstand the process.

Premier Lougheed: Mr. Gillespie, I have to take full issue with that, because right now, I would hope trade negotiations are going on between Canada and the United States with regard to energy matters. I know they have been. They have been expressed as being so and the petrochemical issue is tied inextricably in with the matter of energy and I would presume that some groundwork would be laid, even though the ultimate result might not be formalized until the conclusion of the multinational discussions that you are talking about. But hopefully, the federal government isn't going to limit and restrict the trade negotiation to the negotiations as reflected by your remarks. I mean that in terms of understanding I think the understanding has to also include an understanding of the energy situation as it exists today in Canada and the United States.

Premier Schreyer: Further to what Premier Lougheed has said, is Mr. Gillespie intimating that until Congress gives the executive branch by formal resolution, authority to negotiate tariffs and trade that the executive branch is not in a position to conduct worthwhile, productive exploratory talks with Canada or any other country?

Mr. Gillespie: No. What I was trying to clarify was the negotiations that we have been talking about, tariff negotiations, this is the subject, the item as I understand it, those negotiations will be undertaken within a multi-lateral framework. One of the key players is the United States. The President of the United States, the Executive of the U.S., has not got any authority right now to enter into those negotiations. We hope that a trade reform bill will issue from Congress very shortly. Once it does, the process can start. But, it can't, in terms of tariff negotiations, of lowering tariffs, until he has that authority.

Prime Minister Trudeau: Well, I think this winds up the windup before we leave the whole matter of trade. I think it might be relevant to state a point of information that is of particular interest to the West. Mr. Gillespie, yesterday, was indicating on a year-over-year basis our trade has increased 25 per cent last year and that is the largest increase you were saying since the beginning of not time, but Confederation?

Mr. Gillespie: Last twenty years anyway.

Prime Minister Trudeau: And you say that 60 per cent has been the figure of increase of trade with Pacific Rim countries. It might be the time to remind Western delegations that in September, there will be a meeting of the interministerial committee in Japan on trade matters to consolidate and further these trade matters and, also, that I have accepted the invitation of the People's Republic of China to go to China for a short visit in mid-October to discuss mainly trade and commercial matters.

Premier Lougheed: Mr. Chairman, I wonder if Mr. Gillespie might outline on those figures in terms of the proportion of them that were raw products that came from the West in terms of the increase.

Mr. Gillespie: A very large proportion would be raw products if you include wheat, for example. There is no question that the largest preponderance of our exports to those markets has been unprocessed. We would like to see, and I know you would like to see, the percentage altered so that a far higher proportion of our exports to these markets, is fabricated or semi-processed and fully manufactured. That's our direction. I think it's the direction of all the Western Provinces and, indeed, of the whole of Canada, that we should go this way.

Prime Minister Trudeau: I will ask Mr. Macdonald to intervene for a brief moment. There is a subject that concerns him.

Mr. Macdonald: Mr. Prime Minister, to Premier Lougheed, in the discussions just a moment ago on petrochemicals, some reference was made to the cross-border traffic in oil and natural gas. If I understood the Premier's position the suggestion was that we might take a look strictly at the export of oil as a bargaining lever in this context. So I understand that the suggestion is as a bargaining level that either on a temporary or on a continuing basis, oil export might be reduced in this context.

Premier Lougheed: Oh, I think on the contrary, Mr. Chairman. That will not be the problem. The problem will be to assure that we are skillful enough in our negotiations to not only increase the export in terms of crude oil, but take advantage of the demands for it by making a gradual adjustment in terms of processing, and move it backstream in terms of petrochemical development at the source. I think that it will be difficult to do. But I am sure with skill in dealing with the negotiation we will make some progress.

Mr. Macdonald: Well, Mr. Chairman, I was interested in the reference to the use of energy trade as a lever and being a relative newcomer to these complicated discussions, I'd be interested in knowing how exactly that leverage would be used in relation to energy.

Premier Lougheed: Well, we could have a very interesting and long energy discussion on that one. My response to it is that although the federal government implies by their paper, in terms of the situation in energy in the United States, that we form a very small part of

it, that when you take out the domestic portion, as your documents illustrate, and leave the imported portion in, it becomes, having regard to security of supply and having regard to monetary factors, a developing factor, much less than perhaps, I think my figures from memory was, the five to six percent that was one time quoted. I think in terms of impact it gets well beyond that and having had that impact I think in due course, when the United States, hopefully in a matter of not too long, are in the position to have some clarity of their own views regarding energy, I think it might be quite possible that, that subject, if I read the reports correctly, they're very anxious to discuss energy again with the Canadian Government.

Mr. Macdonald: Just a final question, Mr. Prime Minister, would it be accurate to say that perhaps the possibility of negotiating a favourable access for petrochemicals might well dictate the decisions of Alberta as to the rate of development of resources, and I'm thinking particularly of the Athabaska Tar Sands?

Premier Lougheed: Yes, we do, and I think that's one of the desirable factors that we can work on in terms of our favour rather than to our detriment. I think there should be the orderly development of the tar sands. To the extent that we can provide the assurance that there is orderly development, not any delayed development, we can remove any obstacles from a long-term supply point of view, that they can rely upon or any obstacles in terms of any unrealistic price pressures, then I think quite clearly it's a matter of considerable interest to them.

Prime Minister Trudeau: Thank you, Mr. Lougheed, Mr. Macdonald.

We turn now to Agenda Item Four, Agriculture and Rural Development. There are a great number, over forty, I believe, different federal and provincial proposals. We certainly need an hour before lunch and an hour after lunch that we agreed to. Perhaps when we break we'll see if we should want a shorter lunch hour but we leave that 'til 12:30 to decide.

We had agreed also that on this item the Premier of Saskatchewan would lead off and that the Minister of Agriculture, Mr. Whelan, supplemented in some areas by the Minister responsible for the Wheat Board, Mr. Lang, would respond.

Premier Blakeney: Mr. Prime Minister, yesterday when it was suggested that I lead off today's discussion on agriculture, as I think is appropriate, as a representative of Saskatchewan, it was then indicated that the federal proposals would not be available. This being the case, my remarks are prepared without knowing just what the federal proposals will be. And I ask them to be understood in that light.

The position and proposals of the provinces have been put out in our booklet which has been distributed some days ago and sent to the federal government some considerable time before that.

I highlighted the position of the provinces in my opening remarks on Tuesday. I said that in our view a fully developed agricultural sector should be a key objective

of a national policy designed to achieve balanced regional development. With this in mind, my western colleagues and I are calling for the full use of our land in human resources. As I indicated this policy would produce three main benefits. It would allow us to produce more and more varied food products. It would invigorate rural communities and it would provide a firm base for secondary processing industries.

To adopt this strategy will mean changing a number of national policies which now encourage the migration of rural people to centres of crowded urban activities. The first need of a sound farm policy for Canada is to provide not subsidy but stability.

Mr. Chairman, we studied the federal background papers and we did not see there any appreciation of the need for fundamentally new programs. In the background paper it is stated that quote "the objective of federal policy is to improve the well-being of farm families by promoting stability in production, marketing and prices and achieving rising levels of family income". And we agree with that and I can't imagine any farm spokesman in Canada who wouldn't agree with that.

But we need to do better than that. If we're to progress, if we're to achieve steps towards making these objectives a reality, then it is my submission that we must agree at this Conference on concrete proposals for such progress. Instead of concrete proposals, the background paper seems to contain statements which are both general and obscure.

We, in the West have been only too conscious in the past that these general and sometimes obscure general statements, mean that when translated into federal policy, farm and rural communities have been phased out.

Now western people had hoped that at this conference we would hear new federal policies, concrete policies with an emphasis on growth, development, and price and income stability. It's our view that for too long the approach of the federal government has been the introduction of programs brought in to meet crisis situations, and one would instance the LIFT program and I could instance many others. Without any real consideration of longer term opportunities and needs, these types of programs create nothing but hardship in the long run for farm and rural people. To continue to pursue short-term, and patchwork approaches will not in the long run help any of us.

I don't mean to suggest that all existing federal programs are valueless, far from it. Programs such as the Farm Credit Corporation have met important needs. Unfortunately, this program has not been flexible enough to meet the special credit requirements and provide the specialized counselling services required by a majority of those farmers in Western Canada who lack the capital to reach the take-off point as full-pledged commercial farmers.

The Canadian Wheat Board has made a substantial contribution to Western development, by means of an organized and orderly marketing program for grains. The Wheat Board's authority needs to be supported and extended. We believe that governments should now take steps to allow more intensive use of our agricultural resources. We believe the federal government should recognize that our land and our people are able to produce not

only grains, but a vast variety of primary food products, food products for processing, all of which will lead to more intensive and balanced regional growth. Livestock production and marketing require particular attention.

Mr. Chairman, our concept of western agriculture, as set out in our paper, is one that offers hope for the smaller farmer and much greater stability for all producers. We believe that this will strengthen the social fabric of the rural West, will provide a continuous supply of high-quality food for consumers at fair prices over the long run, and will provide a steady supply of raw materials for processing industries which you and we wish to see develop in Western Canada.

To this end in our paper we have proposed credit programs which do a much better job of serving smaller farmers, a farm machinery testing to give farmers more and better information before they make major investments in tractors and combines, a comprehensive national feed grain policy to provide price and market stability for both producers and users of feed grain, a plan of price supports for grain and livestock to protect producers against the violent price movements which have been so destructive in the past and which have brought bankruptcy to so many farmers. We propose further programs, research into pest control, market research, market assistance through the Export Development Program and others. I'll not have time to outline all of the many programs which are set out in detail in our submission. I do, however, wish to highlight a few.

I'd like to return, for a moment, to the question of farm credit. We noted earlier the extreme importance of credit programs for the large numbers of farmers in Western Canada, who don't have large assets, who are frequently just beginning farming. If these farms and farmers are to contribute to the growth of our region and our nation, they must be able to grow by using credit widely. Present lending institutions, and in particular the Farm Credit Corporation, have not given help to the beginning farmer or to the farmer who fails the banker's test of being "a good credit risk." In 1972, for example, 54% of the Farm Credit Corporation loans went to farmers with a net worth of over \$65,000. That's net worth. Less than 30% went to farmers with a net worth of under \$50,000. And that's a small proportion for farmers with a net worth of under \$50,000. The average borrower under the Farm Credit Corporation had total assets of close to \$115,000, and a net worth of \$75,000. And that's not really a small farmer. Because policies of the Farm Credit Corporation require high levels of security which rule out beginning farmers, the provinces have had to fill the role of lender to young farmers and to smaller farm operators. We propose that the federal government recognize the failure to meet the credit needs of these classes of farmers. To meet these needs, we recommend that the federal government allow the provinces to be more involved in the planning and management of credit programs, particularly for this class of farmer. We recommend that the federal government provide the provinces with capital to be used in the credit programs for the higher risk farm loans which are already being made by the provinces, which I have earlier referred

to. Farm Credit Corporation programs in the past have not been well coordinated with the provincial development programs aimed at the smaller farmers. The coupling of federal assistance with provincial extension and education programs directed to our regional credit needs, would be a step in the right direction.

A second important concrete program which I'd like to mention is our proposal for an Agricultural Machinery Testing Institute. The proposal is set out in detail in the paper. We propose that the federal government pay 50% of the capital costs of establishing such an institute and a fair share of the continuing operating costs.

A third most important proposal is that of a national feed grain policy. The Minister responsible for the Canadian Wheat Board has promised an announcement on this matter. We would very much like to think that this policy would be announced today.

Here are our specific proposals for such a national feed grains policy. We want the Canadian Wheat Board to be given wider responsibilities. We want the Board to be the sole marketing agency for feed grains on an inter-provincial basis. While constitutionally movement of feed grains within a province is a provincial responsibility, we advocate a national pricing structure which will guarantee that users of feed grains in all parts of Canada can get Western feed grains at prices comparable to those paid by users in Western Canada adjusted for freight and handling costs.

A further aspect of a complete feed grains policy is our proposal for a feed grain bank. We believe that, if we are to stabilize the livestock industry in the West, it is necessary that we have an assured supply of feed grains for livestock producers at fair prices. This is not possible if feed grain prices are permitted to fluctuate violently in response to world market prices as they have done in the last few years. We require a system of price supports for feed grains, the policy of storing or "banking" feed grains in surplus years, for use in years of short supply. The paper outlines the way in which we would achieve these objectives.

The West needs a strong commitment by the federal government to stabilize returns to farmers, whether they produce grain, livestock, or specialty crops. And I come back, Mr. Chairman, to my theme of stability. Market instability has resulted in a boom and bust cycle on farms, in rural communities, and has adversely affected the development of processing industries. This has led, in turn, to wide swings in the levels of production. Indeed, so long as this persists, how can we hope to develop processing industries based on farm products? How can we hope to get the secondary industries which all of us here are talking about during these past three days?

We propose a Grain Income Stabilization Program to stabilize and improve the returns to grain farmers. This proposal, which would place a floor under all grain prices after taking into account production costs, was put forward by all ten provincial Ministers of Agriculture in November of 1971. And we are still awaiting a response from the federal government, and we are hopeful that it may be forthcoming today.

For other commodities, and we particularly stress livestock, we propose amendments to the existing Agricultural Stabilization program to provide farmers with advance assurance against losses resulting from depressed markets. Now a good many western farmers find that livestock production, in particular, is simply too risky for them to undertake. Only by removing this risk through establishing a floor price which covers the cost of production can farmers have the needed income stability; and equally true, only by removing this risk, can we build a food industry with stable product supplies.

Mr. Prime Minister, I have not reviewed all of our proposals; and I know that some of the other Premiers will wish to comment. We have placed our proposals before you sometime before this Conference. Indeed many of them have been before the federal government since November of 1971, as proposals not from the four western governments from all ten provincial Ministers of Agriculture. We consider them to be of overriding importance, not only to farmers and rural communities, but, also, to the whole concept of developing our processing industries based on agriculture. To the Prairie Provinces, in particular, they represent a prime opportunity to develop a sound primary farming industry and secondary processing, the secondary processing which both your government and ours, wish to see developed in Western Canada.

Mr. Prime Minister, we will await with interest the response of the federal officials. I don't know whether some of my provincial Premiers wish to add to subject areas which I have not covered, and if they do, I would invite you to call upon them.

Prime Minister Trudeau: Thank you, Premier Blakeney. Would you like to have a round of comments before we call on the federal Minister?

Premier Lougheed: I would like to very briefly, Mr. Chairman.

Agriculture in our province, there's lots of talk about petroleum, but agriculture in our province is the twin foundation of our economy, and in terms of our rural economy is the basis of the economy of the Province of Alberta. We endorse fully the common position paper that Premier Blakeney has outlined and described. I just wanted to deal, if I could, with one aspect of it.

In these days, we are all concerned about the costs of living, inflation and high food costs. Consumers, certainly throughout the world and within Canada, are keenly interested in quality, quantity and variety of food at reasonable prices. In our view, the most effective way this can be accomplished is for farming and the agricultural food systems to be established and maintained on a viable basis. Over recent years, in our view, this viability has been seriously lacking in Canadian agriculture. The well known cost price squeeze, coupled with large supplies of food, have forced many farmers out of production at the rate of 3,000 per year in the western provinces alone. The provincial governments of Western Canada have recognized that essential to establishing agriculture on a viable footing is the expansion of markets

and the increased production in accordance with those market requirements.

Alberta alone has sent agricultural trade missions to many parts of the world, to Europe, to the Pacific Rim, to Central and South America, while at the same time pressing for inter-provincial and federal-provincial government cooperation and coordination within Canada to assure maximum overall benefit. And our views to date, I am just thinking about the Japanese trade mission we had just eleven months ago. There are quite clearly now some very concrete obvious and valuable results stemming from them. In these efforts, it has become increasingly apparent to us that international markets are available, and that they can be captured through aggressive, cooperative efforts of private business with the backup support and assistance of governments, thus establishing Canadian agriculture on a more viable base with increased stability from balance of domestic and export markets, and therefore an ability to provide our own consumers with the kind of food products they wish at reasonable prices. An essential element of the new export markets is the recognition of the demand for further Canadian processing of raw agricultural products before shipment, thus contributing significantly to our own economic development at home.

To effectively pursue agricultural and food markets development in the years ahead it is obvious that the federal government must undertake to improve not only its own policies in agriculture production, but also in the field of international and national market development. And we put that emphasis and offer our full cooperation wherever we can to the federal government in terms of international marketing of our agricultural products.

Premier Schreyer: Well, Prime Minister, there's much in the federal proposals for the agricultural industry that we can find favour with. But by way of opening general comment I think it would be a fair comment to say that many of the proposals or initiatives which the Canada Department of Agriculture is now bringing forward are in fact proposals which have been long discussed by the federal and provincial Ministers of Agriculture I would think over the past three, or four years. Certainly, that doesn't mean that it's any less valid that some of them have been in effect adopted in principle and are being put forward now. I would like to think that this sign of positive inclination, positive attitude on the part of the federal Department of Agriculture, with respect to these enumerated proposals, is an indication that now the tempo, the pace of implementation of these proposals will speed up. In particular, we welcome the reference to more attention and effort being made with respect to new crop development, special crop research. We feel that, however, that perhaps there has been too much rigidity in attitude on the part of the Department of Agriculture as between new crop research and development and sort of basic initial production projects. I would have liked to think that the Department of Agriculture will also be very anxious when it undertakes its program to develop the oil seed and grain product center. It will be very

anxious to do something to help the provinces to do something about the lingering problem of freight rates, and I don't want to do other than just touch on it now. You know you spend a good deal of money on oil seed production and development but as long as the present freight rate system and structure remains in place, it will continue to militate against the processing of oil seed at the source of raw products, and it will discriminate in favour of the processing of oil seed nearer the consumer market. And that is something that will not do Western Canada very much good. We welcome the indication that more effort will be made with respect to research into increased livestock production and the quality meat processing and, especially, we welcome the indication that those constraints which are very much restricting increased livestock production will receive particular and determined attention by the federal Department of Agriculture. We would like to think that we have been to a modest degree successful in the past few years in diversifying our agriculture in Western Canada. We feel we have had some modest success in that respect in Manitoba, but there is no question but that there is fundamental constraints on the pace at which we can increase livestock production and, only with the major cooperative efforts involving the federal Department of Agriculture, could we hope to achieve any further significant success.

I would also, Prime Minister, like to welcome the indication of intent by the Government of Canada to do something new, something different, something special to try to cope with the problem of expediting the transfer of farms from one generation to the next. It is an often repeated, but very true statement, that the average age of farmers is increasing in a sense almost alarmingly. One should not allow himself, or herself to become alarmed by statistics. There is no question but that in the past decade the average age of farmers in Western Canada, I assume everywhere in Canada, has taken a statistical leap, and we must do something different than we have in the past to encourage younger people to look upon farming as a worthwhile lifetime occupation. So if the main emphasis there is going to be to try to cope with that problem through farm credit innovations, fine, so be it. We look forward with interest to that taking place.

And, of course, I feel that I would be remiss if I did not give some special emphasis to the question of feed grains. I have not had as much opportunity to listen to all of the rumours that have been emanating from Ottawa in the past two months; not as much opportunity as my colleague the Minister of Agriculture and I'd like to call on him to elaborate on our attitude. But I must say this, I sincerely hope and trust that every rumour we have heard emanating from Ottawa relative to new feed grain policies is untrue. Because if it is true that the new policy will be such as to impinge upon and reduce the function and role of the Canadian Wheat Board in feed grain movement and pricing, then I would regard that as a most reactionary and most undesirable step. Now, there is no point in becoming agitated about that at this point in time, since we have only rumour to go on. We certainly invite the Minister of Agriculture to clarify just what specific intentions relative

to feed grain policy, what innovations with respect to feed grain policy, are due for imminent announcement. Prime Minister, if I may, I would just like to ask my colleague to elaborate on this point.

Prime Minister Trudeau: Well, I think it might be preferable particularly if he is going to elaborate on rumours, to finish one round of provincial interventions. We have already taken half an hour of the hour before lunch and then hear from the federal ministers and we could continue the two way discussion. At this point of time—

Premier Schreyer: That's fine, although, if I may I wasn't suggesting that he would elaborate on feed grain and all the rumours surrounding that but, however, you are quite right Mr. Chairman, it can be done after lunch.

Prime Minister Trudeau: Is there a spokesman for British Columbia.

Premier Barrett: Yes, the Minister of Agriculture, Mr. Stupich.

Mr. D. D. Stupich (Minister of Agriculture, British Columbia): Mister Prime Minister, I will try not to deal with the things that are going to be discussed in detail later and will be introduced by the federal minister at least not to any great degree. B.C. has embarked on a new program, new for B.C. but new for Canada and perhaps for many countries, that is, it is particularly important for B.C., of course, but a program to preserve the very limited amount of land that we have that is suitable for agricultural production and to preserve it for future food production. That's just the beginning of it; having decided to save the land, the important thing is to try to save the farmers themselves and it's with that in mind that we look at everything else that we are considering today. All the points that are being talked about relative to the agricultural policies of the federal government and the provincial governments will be designed to work to make agriculture itself a more economically worthwhile enterprise.

Lest there be any doubt in the minds of the federal government about our attitude with respect to feed grains and the role of the Canadian Wheat Board, we certainly want to recognize or to endorse fully, and in this we have the support of our grain farmers to the extent at least that they are represented by the National Farmers Union and that is endorsed in what Premier Blakeney had to say and that is we welcome what the Canadian Wheat Board is doing so far and would even welcome an extension of its authority in controlling the orderly marketing of grains in Canada. Beyond that I think our real concern at this conference, and many of these things fall on it I suppose, our real concern is that the federal paper, the paper presented to this conference earlier doesn't seem to recognize that the Departments of Agriculture, or the Ministers of Agriculture across the country did make proposals to the federal government, fairly detailed proposals in 1971, proposals that the federal paper just don't seem to be aware of because in no way have they dealt with these proposals in any detail at all.

Now I hope, I expect, there will be details coming. But certainly the paper that has been presented to this conference so far and a paper that was prepared long after the 1971 proposals were presented to the Department of Agriculture, these proposals are just not recognized, other than to admit in some instances and only in a few instances that some of the issues raised in the 71 proposals were areas of concern. And we're a bit disappointed that the initial paper presented only recognized, and in only a few instances that there were areas of concern. Beyond that I think I would like to hear from the federal minister. Our main concern is income stabilization there's very little reference to that in the federal paper, as we have it so far and we look forward to the discussion from here on in.

Prime Minister Trudeau: I'll call on Mr. Whelan, the Federal Minister of Agriculture.

Mr. Eugene Whelan (Federal Minister of Agriculture): Mr. Prime Minister and Premiers and Ministers and fellow servants of the Canadian public, I remember my first trip to Western Canada as a young man was to, that wasn't too many years ago, help in a harvest of grain in the province of Alberta. We worked together at that time to harvest a crop, not only for Canada, but for the rest of the world. My intent as the Minister of Agriculture hasn't changed much from then, to now—to work together to harvest for not only Canada, but for the rest of the world.

The problems of agriculture, since I have been Minister of Agriculture, and I would think it would only be fair to say to the Minister from B.C. and the other Ministers here of Agriculture and Premiers, have been cut in half since last November. Price and income has nearly doubled for farmers since that time. I fully recognize that this doesn't answer all the problems that are in agriculture, but I want to say that it is a great pleasure for me to be able to attend this unique Conference and to bring to your attention not only the concerns but also the opportunities that lie ahead for all of Canadian agriculture and especially for agriculture here in the West.

The world needs more food and in a hurry. More people in many countries demand more and better foods. This is especially for meat. Canada's farmers are producing at a good level under existing conditions. Prices have finally started to improve and there is hope for further increases in production. But we all need to take some careful, well-planned steps to build for the medium and the long-run.

The federal government has surveyed the position of farming in the West very carefully since I came to office, at the end of November in 1972. I have visited and personally questioned many farmers and people connected with agriculture, including every provincial minister of agriculture in Canada. I asked about opportunities and problems. I asked for suggestions. I received many, mostly, though, from ordinary farm people from the Atlantic to the Pacific. I put my staff to work looking into these opportunities. I have travelled abroad and have met people and with groups of importers from other countries, and lastly, I am a practising farmer and I know how things were and how they stand today.

There's an excellent opportunity for farmers here in the West to win new markets at good profit. Canada can produce more and sell more. Our policies have set the stage for a major thrust in production to serve the markets we are developing. We have already launched this expansionary policy based on solid markets. The pace must not only be maintained but increased.

I have specific action programs to announce here today and others I would like to discuss with you. But before I go on to list these new initiatives, I would like to remind you that Canadian agriculture is where it is today because of the success of the family farm. It is our intention to safeguard the family farm business operation now and in the future.

As I see the problem of agricultural development, it is the twin areas of expansion and the increased stability needed to provide confidence to meet in expansion and to invest in expansion.

The following programs are designed to meet these needs. The federal government is establishing a New Crop Development Fund to stimulate development and adaptation of new crops, new varieties and new protein sources, offering promise for Canadian agriculture. The federal government will allocate one million to start the fund. We will work in partnership with provincial governments, universities, producer groups, and agencies. The fund will compliment government initiatives in research, production, and market development. The federal government will assist in financing and operating a product development pilot facility for vegetable oils and proteins. My colleague, the Minister responsible for the Canadian Wheat Board, will deal further with this proposal. The federal government is willing to provide greater research facilities to improve the quality of our meat, to develop the processing end of meat packing, and to solve problems in the production and marketing of meat. Although specific proposals and costs are not yet developed, the federal government is ready to enter into discussions with those concerned and interested.

The federal government will enter into discussions with the provinces concerned on contributions toward the capital costs of additional teaching facilities for training veterinarians, including possible expansion of existing veterinary schools.

The federal government is taking action to improve the future of our Canadian fruits and vegetables industry, specifically tariffs and marketing. The Tariff Board has been requested to undertake a complete review of fruit and vegetable tariffs to determine possible changes in current procedures, such as to provide protection against the price pressure from distressed imports. Provincial governments will be able to directly influence the findings through the hearings of the Tariff Board.

You know, I can well remember when you went to farm meetings ten years and if someone had told you then that the Chairman of the Canadian Horticultural Society would come from Alberta, they wouldn't have believed you. But that's how farming has changed that much. That's where the president does come from now and we recognize the change in agricultural production in Canada. To obtain

the maximum marketing season for Canadian fruit and vegetables and to ensure top quality for Canadian consumers, the federal government will offer additional storage assistance to marketing boards and producer groups. The assistance we are offering is \$500,000 or one-third of the capital cost, whichever is lower, to improve and extend storage, particularly of the frost-free, controlled atmosphere, and jacketed types of storage. This is to save food from waste and to feed the markets properly.

The federal government is going to increase the amount of cash farmers can obtain through advance payment on grains in designated and non-designated areas. Consideration has been given to extending the principle of advanced payments to other grains in all parts of Canada.

After discussion at this conference, the federal government will finalize a national feed grain policy having the following broad objectives of providing:

- (a) the greatest benefit to the total Canadian economy,
- (b) equity for feed grain and livestock producers right across Canada.
- (c) a basis for the optimum growth of the Canadian livestock sector based on domestic feed grains. My colleague, Mr. Lang, will further discuss the subject of feed grain marketing.

In addition to these commitments the federal government is developing other initiatives and now invites discussion and provincial involvement.

The federal government believes, as you know, in a prairie grain stabilization program. We also believe that further stabilization measures for other commodities are needed.

We want to discuss a range of possibilities before changing the present agricultural stabilization procedures. The federal government is ready to enter into discussions on how to achieve the necessary stabilization without compromising production efficiency and our access to international markets.

The federal government is going to invite the provinces to help in developing Canada's agricultural position for GATT negotiations. Preparatory work for forthcoming GATT negotiations shows that Canada will have to consider trade implications of domestic price stabilization schemes in designing plans and in negotiations.

The federal government will expand programs for research and in-depth investigation analysis and assessment in the following areas: 1) Canadian supply of competitive products likely to be forthcoming in the next few years; 2) domestic market mechanisms including continuity of supply, 3) market opportunities.

The federal government will expand the activities that are already initiated in market development with personnel and programs working directly with provincial governments, farm groups and marketing organizations.

The federal government also has a proposal for an Agriculture and Food Market Development Coordinating Council with joint federal and provincial membership, to bring together the key persons involved in operating market expansion programs.

It is vital that we develop and expand livestock production. We are making the first steps with our new National Feed Grains policy. Now the federal government will move on to discuss the plans with the provinces to develop programs to overcome major constraints to livestock production. We recognize the bright domestic and export potential of livestock products.

I think as Premier Lougheed stated about the difficulties that you had, I had the same experience and I firmly believe that most of us in agriculture in Canada, and I know a lot of our producers, do not realize the challenge that we face now and in the future for meat production and many of our other agricultural products to feed other parts of the world.

The national livestock development strategy that we foresee would involve a range of new or changed and coordinated activities which the federal Department of Agriculture wants to work out with provinces. Livestock production insurance could be included in such a strategy if it is a major constraint.

The western provinces have said there is a need to conduct research and test the performance of agricultural machinery for specific Canadian problems and conditions. The federal government will provide additional funds towards the request under a national program in which federal funds will be made available to universities for basic research and to participating provinces for evaluation and information programs.

The federal government is prepared to take initiatives on two main fronts regarding farm credit, more help for young farmers to get established. I might mention that this is one of the things that I probably get more mail on than any single thing in agriculture from farmers all across Canada, all ages. After being appointed Minister of Agriculture, I asked the director of farm credit to immediately make a survey of the needs of farmers in Canada. He has visited every office in Western Canada, I think up until this date, if not everyone, practically everyone, and questioned all the different suggestions, claims, read letters, and talked to different farm organizations on what they thought should be in our new policy. The Farm Credit Corporation is increasing its emphasis on meeting the special needs of young farmers. The federal government will welcome provincial government input into the solution of this problem.

Regarding closer working relations with provincial agricultural staff, the federal government has already decentralized administration of farm credit and the Small Farm Development Program. Over 80 per cent of the Farm Credit Corporations staff, who have the right to make decisions on their own, and they do, are not located in Ottawa, but out in the country in Canada. That's even better than what Don Jamieson proposes to do. The provincial proposals to improve the response to local situations will be welcome.

I have already referred to a series of new programs that will increase the volume and expenditure of applied research. There has been no reduction in the federal expenditure on agricultural research and in fact over the last ten years it has increased by 116 per cent. Certainly

more funds would be useful but priorities and limits on expenditures have to be established at all levels of government. To ensure the greatest returns from all our research dollars, we would welcome close working relationship with the Western Agriculture Research Council. To meet your specific quotation, I can assure you that, it is the Federal policy to keep agricultural research as a separate entity.

Federal programs for disease, insect or pest control have been closely associated with local and provincial officials wherever outbreaks have occurred. It is our intention to continue to do this in the future.

These policies I have outlined must be directed into workable, practical and acceptable programs. The policies will help bring new life to rural communities, through increased production and a greater variety of food products. These new products in larger quantities will in turn provide a framework for more secondary industry development. The net result will be more income and better living for farmers and rural people. Just one or two other things, Mr. Chairman. It was mentioned by Saskatchewan, in particular, about farm credit, and how we weren't I gather doing enough, and I think from what I've said, you've recognized, that I personally don't think that we are doing enough, but I think that the fact that the provinces, all except, I believe one, have signed a small farms program. This is a step in the right direction, as far as I am concerned, to assist farmers, those farmers that we want to stay in agriculture, those ones, that do not have the capital of their own to do so. I have mentioned the farm testing program for machinery and this is a program that will be made available for those provinces who want to participate in it. Just one word, if I may, I know the Minister responsible for the Wheat Board, will be elaborating to quite an extent, but it is my knowledge, I should say my opinion, in answer to Mr. Schreyer, when he talks about the Wheat Board, that any change in Wheat Board authority will be a change and not a reduction in authority.

If I may, Mr. Prime Minister, I just wanted to say we talk about Western Canada and I wanted to just point out a few maybe not major things, but I think it is major in a sort of a way that we show our interest in Western Canada. The Food Review Board has a person from Alberta who represents that part of Canada, the Agriculture sector of western Canada on the Food Review Board. The Canadian Livestock Feed Board has a member on the Board from British Columbia. The Canadian Dairy Commission for the first time in the history of that commission though its only been in operation since 1967 has a member from Saskatchewan, and I have as a minister, established my own western desk in Saskatchewan so that I could feel the pulse of the western part of Canada and George Leiff does a good job of taking the pulse of western Canada political and otherwise. I think that is all for now Mr. Prime Minister.

Prime Minister Trudeau: Well, we have five minutes before adjournment it wouldn't be quite enough to permit the Minister responsible for the Wheat Board to make his presentation but we did start this item a slight bit late

and if you would be agreed to go a few minutes past half past we could finish with his presentation.

Mr. Lang, the federal Minister of Justice, responsible for the Wheat Board.

Mr. Lang: Mr. Prime Minister, gentlemen the grain area of Western Canada is of tremendous importance to this country and is in a significantly different situation today than it was several years ago. We have been fully preoccupied with the question of developing a total range of solutions and policies for the grain industry and also it's very close relationship with the production of animals and the further processing of those products which can be done in Canada. Over these years we have I think made some very important moves to extend our market potential. We have been extremely aggressive in getting into new marketing areas where we haven't been for some time. We set up a 10 million dollar market development fund for instance which has allowed for new and interesting ventures in cooperation with industry, very often and in order to do this, and all of this has been done of course with the consciousness of our basic overall aims of trying to provide for a viable agricultural industry, one in which the individual farmers can continue to farm and can receive an income which is adequate to induce them to, indeed stay in that endeavour. We have been fully conscious of the tremendous opportunities for further diversification and have recommended and encouraged this for our farmers. I mentioned for instance, the Forage Incentive Programme as one item of specific effort to actually induce the move of farmers into additional livestock, a programme which we entered into particularly because of the cash difficulties farmers where in at the particular time of its introduction. We have improved the quota system. We have introduced the March 1st market information to farmers which is designed to give them a better idea of what the potential is and therefore allow them to adjust, in a way, they do so very well, their own production to the potential which lies ahead. We believe that there is a tremendous additional potential we believe that by making the system of handling and transportation work effectively for the farmer we can do more things to improve the lot of the farmer. I said that adequate and stable returns are among our preoccupations and diversification itself is one of the routes towards greater stability and that is one of the reasons we have been so conscious about it and the need for it.

In the course of our marketing efforts we have obtained new and better arrangements with Japan, greater access there to markets and really developed some extremely important relationships with our key customers, like China, and Japan to mention two of the important Pacific Rim countries. We propose to continue pressing towards programs which add to stability and diversification and adequate income, and one of the proposals which we put forward today in this regard is the culmination of discussion with officials in industry and provinces over a period of months and it is the specific proposal that we ought to develop a center for research into protein and oil seed crops in Western Canada. We propose specifically

to pay up to 90% of the capital needed to build and equip such center to a maximum contribution of 3.6 million dollars and to assist in a declining way, but beginning with a total level in the first year in regard to the operating costs as well. The potential for developing technology to make use of our proteins, from rapeseed and other sources, is one that I think is a real challenge for us. The technology at the moment is being developed in other countries, the United States particularly in an aggressive way, and we believe that we need a development of this in Canada as well. Industry is not large enough in Canada to go on its own in this regard and so we propose to make this effort to see that the technology that is required, whether it be in regard to alfalfa meal or rapeseed meal, can be developed here in Canada. We propose that the plant which we are recommending and which we hope can come quickly into operation be located in Saskatoon in accordance with some of the discussions which have been held between industry and the universities. I find that a happy choice I must say. I should remind Premier Blakeney, particularly after yesterday's discussion about research investment in Saskatchewan, that one item which really stands to the credit of Industry, Trade and Commerce but wasn't mentioned yesterday was the Crop Development Center which is in place at the University of Saskatchewan, was really Industry, Trade and Commerce inspiration that led the National Research Council to initially make a grab towards capital operation there. That was before we had our Market Development Fund which we can now use for this type of purpose, directly out of I.T. & C. budget but we had to go to the inspiration route in this other effort. I just say that really, Premier Blakeney, so that we can both bear in mind the new \$1 million dollar Crop Development Fund and see that the crop development center is somehow related to part of that as well. But that's perhaps a slight parochial reference.

We do propose to further improve the cash advance scheme. We did improve it during the days when burdensome supplies of grain were causing such serious difficulties for farmers. We propose now to come forward with a further increase in the maximum amount of the advance which is allowable. We also propose, partly because of its income implications and partly because of its stability implications, to continue work we are doing on a storage program which will recognize the buyers' obligation in regard to secure supply.

A great deal of attention has been paid to the question of the feed grain market in Canada, the domestic feed grain market, and the fact that we are preparing a program, a new and different program to deal with this area. I don't think anyone would argue that what we have had in the domestic feed grain market has been stability these last few years. It has been an extremely unstable market, indeed, with very strange price changes and differences from one province to the other, differences and differentiations between the great producing area of the three Prairie provinces and the consuming areas outside and this has caused a great deal of difficulty in these past several years. I think one of the things we should do to keep the program in focus is to recognize that two-thirds of the feed grains produced on the Prairies is in fact non-board grain, at the

present time. That is to say that it does not enter into commercial channels with the Board but is either fed by the farmers themselves on their own farms or moves from farmer to farmer or is sold to feed mills. Less than one-third of the feed grain, therefore, is delivered to the Canadian Wheat Board, but it is the larger amount that really causes the very artificial instability for western farmers and for eastern livestock producers as well.

In their brief, Mr. Prime Minister, the Premiers identified the problem areas and I think quite correctly. The Premiers said and I quote "Off quota prices for feed grains in Western Canada have been very unstable resulting in recurring periods of disastrously low prices for feed grains, extreme economic hardships for grain producers and instability in levels of livestock production." The Premiers said and I quote again "a continuous supply of feed grains at reasonable price levels is necessary for all areas of Canada to facilitate the development of the Canadian livestock industry". And again "Feed grain policies must not distort regional advantages or disadvantages in livestock production".

The federal government accepts your assessment of the problem and agrees with it completely. Furthermore, we would refine your assessment in strictly Western Canadian terms.

The non-Board market is now unstable because in times of feed surpluses, many grain farmers are forced to feed livestock because of the quota situation even if they, indeed, on their own preferences would have remained straight grain producers, and feel they are best at that part of the business.

It's unstable because Prairie feeders who buy non-Board grains are subject to instability of prices and supplies with consequent harmful effects on livestock production in Western Canada. It is unstable because, through prohibition of hauling non-Board grains across provincial borders within the Designated Areas, artificial barriers prevent the natural growth of livestock and grain production where it may be best suited within the Prairie region.

The Premiers in their brief made a number of requests. The first, that a national feed grain policy be introduced which will insure equity, for feed grain producers and livestock producers all across Canada.

Again we agreed completely with that, and have committed ourselves to finding exactly that solution, committed ourselves to finding the solution after farm organizations could not agree on one hand, indeed, even in the West, could not do so.

I'd like to mention the guidelines of the National Domestic Feed Grains Policy the Government will propose. First, that no region of Canada should be provided with artificial assistance which operates to the detriment of producers of feed grain or livestock in Canada. Second, that both the feed grains and livestock sectors be allowed to achieve their growth potential according to natural advantages. Third, that all users of feed grains in Canada, should be on an equal basis in regard to access to those grains, in line with the free trade principle which we

assert for all products throughout Canada. Fourth, the real costs of transportation, handling and marketing, can be taken into account, of course. Fifth, a more orderly method of marketing non-Board feed grain should be provided. Sixth, a domestic feed grains policy should not limit farmer freedoms. Seventh, the policy should be of benefit to the Canadian economy. I hope you will agree with these guidelines, and apply them to any solution which we propose.

At the same time, I should like to confirm our view that the Canadian Wheat Board is essential to the orderly marketing of grain in and outside of Canada. Any policy, we will propose will maintain that role so that our position in exports, our knowledge about supplies and an orderly movement of grain are assured. I think that my strength of support for the Canadian Wheat Board in its operations these many past years, and when it was in severe difficulty and criticism should make the record quite clear about my stand in that regard.

We are concerned about the question of improving the relationship, the communications between the Canadian

Wheat Board and the producers, and we believe that the advisory committee to the Wheat Board is a possible vehicle for doing that at a fairly early date. We propose, therefore, to put forward a plan for election by producers, themselves, of the members of the Wheat Board Advisory Committee. Probably leading to constant strengthening of the role of that committee, in line with policies which think should be acceptable to farm organizations and farmers, the producers, right across this Prairie region.

Prime Minister Trudeau: Thank you, Mr. Lang. I am sure the discussion after lunch will continue on these subjects. We had agreed to break until 2 o'clock to leave a full hour for the further dealing with the matter of agriculture, and at 3:00 we would begin on capital financing and financial institutions.

If this is agreed, we would adjourn now. If you want to have more time, we can now decide to shorten our lunch period.

Adjourned until 2 o'clock.

AFTERNOON SESSION

Prime Minister Trudeau: I will call on Mr. Uskiw of Manitoba.

Mr. Sam Uskiw (Minister of Agriculture, Manitoba): Prime Minister, Ministers, gentlemen, I should like to make the observation that the joint approach on the problems of western agriculture as proposed by the four western provinces is not an effort to confront the Government of Canada on all of these important issues, but rather is an effort to bring about a better understanding of our position on those areas wherein there is agreement. And here I think we would want to highlight a number of points the centre of which is the item that was last dealt with before we adjourned this morning. I should like to point out that the cornerstone of our philosophy and policy with respect to marketing is that we would want to have more orderly marketing principles built into our system, and we would want to have greater Wheat Board control in the area of marketing than we have had in the past, if only to deal with those anomalies that exist. It is of some concern to me that we were not given specific detail as to what the real implications of the changes proposed by our Minister Mr. Lang earlier this morning. I should like to observe that while other sectors of the Canadian economy enjoy a steady role of growth which results in increased standards of living, that agriculture has never escaped from the boom and bust economy and the ever-tightening cost-price squeeze. And for that reason, I think we should appreciate the added emphasis for orderly systems of marketing.

I should like to pursue that area if I may, Mister Prime Minister. From the point of view of getting further elabora-

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tion from the Minister in charge on what is really meant by some of the points that had been enunciated this morning, one question has to arise out of the meaning of the first point which has to do with no further artificial assistance being provided to any region of Canada with respect to feed grain and so on. Does that mean the elimination for example of feed freight assistance? I think the conference here would appreciate some clarification on that particular point. Point number three indicates that there has been over the years, notwithstanding the Canadian Wheat Board controls, there has been less than adequate control of grain sales in the designated areas. And I should like to make the observation in that connection that commercially somewhere in the order of 6 per cent of the feed grains produced have been sold other than through the orderly marketing system that is, sold commercially, if you ignore the direct farm-to-farm sale. So the problem in that respect is certainly minimal but which could be dealt with through the greater introduction of Wheat Board control with the cooperation of the three prairie provinces.

One further elaboration would be appreciated on the question of whether or not the Wheat Board, under the new arrangements, would have the authority to market and set prices for all of the grains in question, and whether or not the question of quota is one which will continue as it has in the past, or whether the reference made to that point by the Minister in charge of the Wheat Board, that quotas were a source of instability, would mean that we are going to eliminate quotas in the marketing of feed grains. These are very important clarifications that we should have this afternoon if we are going to have meaningful discussion. The term "free trade principle" to me obviously suggests

some contradiction of the other points listed and obviously it requires clarification as well.

Now, I should like to point out that under the Wheat Board system of marketing, as we have enjoyed over the years, that there has never been an unequal opportunity for buyers who wish to buy feed grains across Canada. The Wheat Board treated all market prospects on an equal basis, and really to suggest that two-thirds of the feed grains were not marketed under Board controls is to exploit the ignorance of people, if I may, Mr. Chairman, in that one has to assume that two-thirds of the grain sold off-board was largely consumed by the same producer, that is the person that produced the grain and consumed it through livestock was one and the same person. I think one should take account of that and not give weight to that figure to demonstrate that really we didn't have sufficient marketing control under the Wheat Board to date. These are observations that I think should be answered. I should like to make a couple of comments on a couple of other areas which have already been touched on, and that has to do with the need to bring a halt to the depopulation of our countryside, which is something that we have always talked about but have never really zeroed in on to policy development and herein lies an important consideration as far as your policies and credit are concerned, particularly with respect to those people that are new entries into the industry, young people who don't have equity on which to borrow.

Market development, of course, is only part of the stability for rural Manitoba or rural Canada. I have to be parochial to some degree, Mr. Prime Minister. And that really marketing is an instrument that should be expanded to assist in the marketing of products through the orderly marketing system, whether it be national marketing boards or provincial, and of course the Canadian Wheat Board falls very well into that category as a national board.

Export opportunities should be expanded wherever possible and the farmer should be given some idea as to what his lot is going to be with respect to farm production expansion in the area of marketing and price. We should have an incentive policy to meet world food demand so that we indeed bring about the kind of stability that is desired in the areas of rural Canada. And it's obvious at this point in our history that there is more demand for food products, that as the nations of the world become more affluent they are also more demanding in terms of their diets and the foods that they eat, and that we should be prepared to provide an incentive program to gear up production for that increasing demand.

Mr. Prime Minister, I simply want to end on the note that we would want the fullest discussion on the very important issue of feed grain marketing, and that hopefully we can get all of the answers from the Minister in charge of the Wheat Board before our time expires this afternoon. Certainly provincial governments will have a role in trying to determine the future policy or policies that they may want to or wish to consider in light of the events in the days ahead.

Prime Minister Trudeau: Premier Lougheed, Mr. Lang could answer some of these questions and then perhaps you could put others to him or to Mr. Whelan. Mr. Lang.

Mr. Lang: Prime Minister, the point has been made that we are not here announcing domestic feed grain policy, and of course we could have been criticized I suspect just as easily for doing so as for not doing so. If we had done so, you would have said why didn't you wait until you had heard from us a little bit more before doing it, so we certainly were in a dilemma in that regard. In any case, we are looking at final phases and aspects of the policy.

I'll try to deal with some of Mr. Uskiw points.

The reference in point number one to artificial assistance is really along the lines of a great deal of our discussion about transportation and equity between regions and it really suggests that where you have a form of assistance in one particular area, or in regard to one particular aspect, you may be upsetting the natural advantages and you should only do so if that is exactly the policy you have in mind and you plan to support that policy. Now, that does not necessarily imply the immediate removal under any aspect of our program of feed freight assistance, although it does raise the question of the relationship between feed freight assistance on grain and the lack of a compensating situation in relation to animals. That certainly is clear. But certainly, as Mr. Whelan would want to emphasize, that any move in this direction would want first to take into consideration a couple of things, including current high prices, which are a special difficulty, and also the very special long-term needs of the Maritime Provinces in relation to any development of livestock industry there.

I did, I think, make the point that when I referred to two-thirds of the grain not being under Wheat Board control, I made it quite clear that that included the grain that was fed on the farmer's own farm. The point is, though, that it does put into perspective the proportion of feed grain we're talking about and the small amount, the 6% of the feed grain, to use your figure Mr. Uskiw, that moved from farm to farm or into non-Board commercial channels certainly affected a great deal of the rest in terms of the prices that resulted. The fact is, there was, and still is, inequitable pricing, even allowing for all proper costs between different regions of this country. And that's the thing we have to try to remove. And that is in complete conformity with the principle you yourselves have set out in the brief you put to us.

Let me say that I've emphasized that the role of the Canadian Wheat Board has never been even brought into question by anyone in relation to the export market, so far as I know. It, therefore, is contemplated, under any version of the policy, that it remain in place in that regard. That means that the quotas, the opportunity of a farmer to deliver his grain to the Board, is going to remain and that will, therefore, be a full choice that the farmer will have under any system.

You have mentioned the possibility of greater Wheat Board control. I simply would say to you that I do not believe you could effectively stop, control, supervise the movement of grain from one farm to a neighbour's farm, and I certainly would not want to get the Canadian Wheat

Board into the position of trying to do so. You'd need policemen or inspectors all over this prairie region. It is, of course, within provincial power to try to do that. I don't recommend it to you, but certainly I won't want to be recommending that the Canadian Wheat Board get into that business of trying to control farm-to-farm movement of grain.

The key thing, then, is that the price relationship between non-Board grains in one region and grain available to producers in another region must be fair, and that is what people have been working on these last two years trying to come up with a formula that did the job. None of them have been totally accepted. I don't really expect everyone will be happy with any policy that we're apt to announce in this area where there's been so much controversy and disagreement.

In your earlier remarks, you made reference to the boom-and-bust situation, and certainly the problem of off-Board prices and excess supplies in certain pockets or areas of the prairie region contributed in a significant way to some of that problem, and anything that we can do to draw off the surplus grain at a better price and more effectively and in a more orderly fashion, can only, it seems to me, be good for the producers of that grain. Now, in reference to the boom-and-bust which occurs, I should say, Mr. Prime Minister, that I did not mention, although it is in my longer statement, that we do, of course, propose to come forward with a remodeled version of the income stabilization plan which we first introduced as a proposal something over two years ago. The current very good pricing situation in regard to grain, has meant that we could take a little more time over the development of the final form of the program, but it certainly is our determination to have a program in place which allows producers to receive a fair level of income, even in a year when export sales or total returns to producers drop very remarkably.

Grain, because it's so importantly an export business, is subject to vagaries which can occur, and even though the current situation is one which leads to the third year in a row of record sales, now at very high prices, we should not rest on that. We want such a plan, a stabilization plan, in place before any danger of a change in world markets occurs.

Premier Lougheed: I'd like Dr. Horner, the Deputy Premier of Alberta and our Minister of Agriculture, to respond.

Dr. Hugh M. Horner (Minister of Agriculture, Alberta): Mr. Prime Minister, I welcome the opportunity to take part in this discussion. I would like to touch on a few general matters and then come to the question of feed grains as we see it in Alberta.

I would like, first of all, to congratulate the new Minister of Agriculture who, I think, is with some energy attempting to look at new fields in agriculture. I was interested in his comment that he'd set up a western office in Saskatchewan to take the pulse. I wonder if it might not be more advantageous some time to take the pulse of his colleagues from Saskatchewan so that they are both on the same wave length in regard to agriculture, because

in the past we've had some difficulties in relating just who had the authority and where we had to go to have an input in agricultural policy insofar as we were concerned.

Another general statement I'd like to put forward is that the matter of consultation with the provinces has to be improved. The idea that one can sort of solicit the thoughts of the various provinces without putting forward your position leaves us in a completely negative way of doing anything about it, and I refer now to the feed grain policy where, pretty obviously, the policy will come out as a fact without any opportunity to make any changes. And I suggest to Mr. Lang that this, in fact is what happened in his original stabilization bill, that a decision of the government at that time not to accept any changes was, I think, the reason that it didn't go forward.

Surely, in agriculture in Canada today what is required is a great deal more leadership than we've had in the past and this vacuum has to be filled. We had proposed as provinces a pretty detailed policy paper in November 1971. As the Premier of Saskatchewan has noted, we are still awaiting some response to that policy paper, and I again point out that that was a policy paper put forward by the ten provinces in Canada.

Insofar as the list of goodies that has been announced is concerned, we assume that the meat research facility should be located in Alberta. I hope that we're correct in that.

To get to the other areas which I'd like to deal with, and that is the question of feed grains and the other rumour that has been circulating that there is some split between the three western provinces in their approach to the Canadian Wheat Board, I'd like to put that one to rest. Our approach to the Canadian Wheat Board may be slightly different in that we don't believe that it's a sacred cow, and that we believe that if it's not doing things that it should be doing that we have the right, indeed the responsibility, to have some input into that area.

Mr. Prime Minister, your minister in charge of the Wheat Board will recall that I asked him specifically well over a year ago, if the Alberta Grain Commission could not become an agent of the Canadian Wheat Board. That request was turned down. We continue to have the view that the Canadian Wheat Board can deal with the feed grains question with the input from the provinces, and our input from Alberta would be to repeat that request that our Grain Commission act as an agent of the Canadian Wheat Board.

Insofar as the grains income stabilization is concerned, I would hope that any stabilization program that comes forward gets away from the surplus philosophy that's been prevalent in our country for too long, and that we have to accept the fact that we require a total year's supply in storage in Canada on a continuing basis, and that we shouldn't be talking about surpluses when we've got four or five hundred million bushels or even seven hundred million bushels. And that any stabilization program has to take that into consideration, whether or not you reinstate the Temporary Wheat Reserves Act, I

think that a better method of storage, or storage payment by the federal government can be found.

As far as commodity stabilization is concerned, if we're going to get the increase in production that is required to meet the expanding demand in the world, we're going to have to give our farmers some assurance that they are not going to be subjected to the kinds of price variations that we have had in the past, and I would hope that we could move ahead with discussions with Mr. Whelan in regard to a better formula for stabilization. We appreciate the views that he gave us in Charlottetown that there are dangers in this situation and if it is in an open-ended way, we're quite willing to meet with them and to discuss that particular situation.

So in conclusion, Mr. Prime Minister, I would respectfully ask for a much greater expansion of consultation in a meaningful way and too, for the federal government to be willing to put forward in some detail their policy papers so that we can have some input into it. The idea of giving us guidelines may be all well and good, but until we can see that policy paper in some detail, we're going to have a great deal of difficulty putting any input into it at all, and I rather suspect that when it comes out it will be a fixed document in which we will not be able to have any input.

Premier Blakeney: Mr. Chairman I would like to make a few general remarks and then ask the Minister of Agriculture to make a remark or two.

I'd like to make a few general remarks about the proposals of the federal government. May I say at the outset that I am very keenly disappointed. If there was one thing that we ask for in our paper it was that the federal government move to provide stability in the major areas of agriculture. If there is one word that recurred and recurred it was stability. We are talking about stability for individual family farmers. It's not good enough to talk about diversification. That's a very slippery word. You can talk about diversification and still not offer any stability for an individual farmer. We can diversify agriculture by going into hogs, but the hog producer will become a specialized producer and he will become more vulnerable to price fluctuations rather than less vulnerable. So it's not good enough to talk about diversification providing stability. Some diversification does provide stability, but much of it doesn't for an individual farmer. And we ask for stability for feed grain producers. The federal response provides no stability for feed grain producers against intolerably low prices. We ask for stability for feedlot operators, but the federal position provides no stability against intolerably high prices which some of them are beginning to suffer from now. There's no support price, there's no feed grain bank. There's no stability for livestock producers in terms of price of their product. As I have already said there's no stability for them in terms of the price of the feed. There's only a willingness to enter into discussions. There's no protection against the boom-and-bust cycle which has already meant bankruptcy for tens of thousands of farmers.

Mr. Whelan indicated that we are in a relative boom. Fine, but there is nothing in these papers that gives us any assurance that livestock prices will not be three years hence what they were three years ago, ruinously low, certainly for hogs.

How can I, as a public official, in good conscience urge a capable young man to stake his life and his meagre resources on going into livestock unless we, as governments, can offer for him some greater assurance that there won't be another bust in hog prices?

How can I encourage farmers or others to set up feedlots, and I am trying to do that in Saskatchewan, unless I can offer them some sort of protection against soaring feed prices? How can livestock processors be assured of a continued supply of hogs? And I'll use hogs as an example. I've talked to many of the companies and they all say, if you can assure us a continued supply of hogs we'll get into the processing. How can you do that unless you can assure the producer that he will not suffer from ruinously low prices?

The need is for stability. We ask the federal government to provide us, or at least to work with the provincial governments to provide, and in these papers you have said very emphatically no. You are willing to discuss but there's simply no proposal for stability.

It's all right, Mr. Lang, but where is it? In your reply I'd be delighted if you would produce it for me or refer me to it. And this I feel very keenly, as you are able to detect. And I think it just isn't there the stability we ask for. Now that's the general comment. I know under a good number of the other headings the Minister of Agriculture will say a word or two.

Mr. Lang: Well, simply to say that there's nothing in the paper about stability. Of course just in answer to a question by Mr. Uskiw, I referred to the fact that the stabilization program for grains, which is a major development in stabilization. The bill that we had before the House would have assured that in any given year the grain income was held up to the previous five-year average. And that, in terms of today's prices and what we see happening, is again something to bear in mind.

Now I must say too, to Mr. Horner, I don't think he was connected with the Government at the time of these discussions, but the stabilization program, in fact, was discussed for many months with farm organizations and with governments in a very open fashion, and changes were made in the final form of the stabilization plan as a result of those discussions. So that we did have those discussion.

I did also refer in the paper—

Mr. Horner: Mr. Lang, I was part of the Government and was in part of the discussions with you in the latter stages of 1971, at which time there was no apparent wish on the part of the Government to change it in any way.

Mr. Lang: Well, except that changes were made, if you recall the proposed limit of \$10,000 was raised to \$15,000, the levy was changed. A great number of things

were changed, in fact, in the program as a result of the discussions. And there were further changes in the Committee.

But we have also referred to the fact that we are working on a storage program. I have made it quite clear that the Temporary Wheat Reserves Act never was a very satisfactory approach to this particular problem, and that a new one is needed. We are working on that and it is, in my view, a device which can produce additional stability, both in relation to price and in relation to security of supply of grain. If you will notice the words in the paper, I make the point that the buyers have some obligation in regard to storage. Because it's one of the problems of our export industry of grain that instead of appreciating a surplus supply, whether at home or abroad, our buyers have tended to work in the other direction. The moment the new crop is ready, the supply which was held over in case of low crops was treated almost as a liability in terms of price. And it really is something that is being held more for the buyers than for the suppliers. The suppliers would not hold that much, as much as Canada as a whole wants. So we will be working on that as we will be working on the whole question of more effective minimum price provisions. So those are things we are doing.

Mr. John R. Messer (Minister of Agriculture, Saskatchewan): Mr. Prime Minister, Mr. Minister, I would also like to make some very general remarks and then ask some specific questions, especially of Mr. Lang.

I take note of your reference, Mr. Minister, in regard to the problems of farmers having been reduced by at least half in the last few years and that prices and incomes of farmers have increased significantly. And I don't think you will get any argument from anyone gathered here today, or farmers in Western Canada at least, and perhaps all of Canada, that that is not, in fact, the case.

But I think we must look to what the reasons are for that buoyancy that farmers are able to benefit from at this point in time. It certainly hasn't been in my mind, and in the minds of farmers, a change or an introduction of new policies or programs at the federal level which has brought about those improved incomes and what may be short-term stability for farmers that I think would be agreed to by farmers a windfall or a change in the international marketplace which has brought about opportunities for them to sell produce that they had been accruing for a number of years but were not in a position to sell. So that even though the incomes at this point in time will be much higher, we have to recognize that we are already confronted with possible shortages of certain agricultural commodities produced in Western Canada which could seriously contribute to declining incomes in the not too distant future.

Your proposals, fifteen of them Mr. Minister, indicates to me the tendency of the federal government to respond to only immediate problems. The stability that a number of us have referred to here this morning and this afternoon I think has to relate to long term programs. It has to look ahead to when prices and incomes may well

again be below the cost of production. I don't think the paper that you have presented to us this morning recognizes the cost factors of farmers. You seemingly do not recognize the needs of farmers in depressed areas of Western Canada.

Now I know that Mr. Lang has responded to our remarks in regard to stability and has indicated that he would be prepared to bring in the market, the grain receipt stabilization plan which was discussed some number of years ago, I believe it was point nine in your paper. But I don't believe that that stabilization program, that you make reference to, really takes into consideration individual farmers and individual commodities. In the case of the grain stabilization program, it is certainly limited to grain. The problems with that program, if they were to remain as you introduced it, I believe you mentioned only shortly ago the fact that it was on a five-year average and you would pay out 90 per cent of that five year average. One serious observation that was made by farmers at that time, and which will continue to be made, is that if there were recurring years of depressed farm income, then that five-year average actually contributed or snow balled in a detrimental effect to those farmers who were relying on that stabilized program. I would like to specifically ask you in regard to that stabilization program, where you say that you are prepared to take into consideration certain modifications that the provinces had presented to you at that time, in fact all ten ministers of agriculture in Canada in 1971 proposed a stabilization program to you, I would like to ask you if you are prepared to accept the proposals that they made in that stabilization program, and more specifically whether your stabilization program would take into consideration the cost of production factor which I think no stabilization program is going to be really beneficial to farmers unless that factor is considered, and in fact the corner stone of that stabilization program.

Mr. Lang: Well, Mr. Prime Minister, we are looking at, as usual, any serious suggestions about possible improvements in our program while we are working on the details and form of it. The question of whether that is the exact place in which to assure against a series of low income years is a question more of tactics than really related to the program itself. Stabilization, the notion is to assure that in the downturns which have such serious impact upon the prairie economy as a whole, the whole of Canadian economy indeed, in the downturns that are cyclical in our grain industry, there is protection. That is what the program is about. By the way it was effectively at 100 per cent of payment, the 100 per cent of the five-year average is the basis of the payment out in the original program.

We are looking at proposals, but the 1971 proposal from the ten provinces, initially really the proposal of the three prairie agriculture ministers which was later approved by the ten, has had time march past it to some extent, because it has in it, for instance, the feature of fixing the Canadian price of wheat at three dollars. At that time the price was much lower and today of course it is higher. There are some of those things which amount to seventy or eighty millions of dollars which would require some difference of thinking.

Mr. Whelan: I think that several of the Ministers and the Premiers have made reference to some of the points that I made on stabilization, and the points were made in 1971. I think I am pretty well aware of the points that were made in 1971 by the provincial Ministers of Agriculture. I had thought we had encompassed most of the important ones at least in my presentation this morning. I find stabilization a very difficult thing when we think back, and in answer to Mr. Schreyer this morning in our new programs adopted, that you say of being recommended earlier, I'm not denying that. But you know for the past nearly twenty years or so we've been fighting the surplus supply problem and its affect on prices. Not only us, but the rest of the producing world has been in the same position until just recently. So Mr. Messer has pointed out that this is the thing that has affected the prices and no one is denying that, but I'm a strong believer in national marketing and that we have to work together. I'm a strong believer in consultation and consultation is a two-way street. And Alberta has pointed out both the Premier and the Minister in Charlottetown, has said something about their program also for export.

You know, as a federal Minister, I have to be very concerned about how I'm going to try and be an equalizer in this situation, when I'm going to be a stabilizer in this situation when I'm not consulted about those things either. And about production, you know, I think we all realize that these products can move across the provincial borders. The courts have said they can. They can move easy. This is the way it should be. In one province production can throw any other stabilization program that any other province has out of kilter. And I'm going to say that we have acted on suggestions in 1971 for stabilization and that's the passing of the National Farm Products Marketing Act. It's a machine that you can use; it's a machine that you can produce all across this nation upon a realistic agreement between the producers in all the provinces because there's an awful lot of products that we're producing, that we compete with one another for the domestic market, that we compete with one another for the export market. Some of our actions can only prove, over a longer time period when we may reach that surplus position again, to be chaotic as far as I'm concerned unless we do get together.

To the Premier of Saskatchewan, Mr. Blakeney, in number nine you said there wasn't one thing in the paper, but on number nine I say "I also believe that further stabilization measures for other commodities are needed". We want to discuss a range of possibilities before changing the present agriculture stabilization procedures and Dr. Horner had suggested earlier, you know, what I'd said at Charlottetown. The stabilization program that we have used in the past, and other countries have used in the past, have created utter chaos, nothing that much good for the consumer and even worse for the producer. In most cases they end up bankrupt et cetera and Dr. Horner recognized this in his statement.

So what I'm trying to say is that it's a two-way street, that we have to work together. I think we all realize that one percent surplus can cause chaos in a market place and create utter chaos both for the consumer and for

the producer. And when we say we didn't do anything since 71, the United States of America is in a worse condition production-wise than we are. They even did less than we did. If you remember last year, that is before I was Minister and the previous Minister of Agriculture was there, we paid a payment to hog producers in Canada to try and save them. We put a program in that was criticized by many people as a dastardly thing for killing chickens, and paying farmers to kill chickens, but it at least encouraged enough of them to stay in production so that we are still very productive, whereas this didn't happen in the States.

We didn't put a food price freeze system in like some people suggested. We didn't do that at all. We saw the results of it in the States. Production went down. Because we stated that is what would happen, and now more people are agreeing with what the former Minister of Agriculture had said at that time what would happen did happen in the United States.

For me to say that we are not affected by what happens or for anyone to say that we are not affected by what happens in the United States would be wrong. But also when you talk about farm credit and stabilization, I find this a very difficult thing to try and say that the federal government is going to stabilize a farm loan system when in Canada today total provincial farm credits programs number thirty; some provinces have as high as seven programs. This puts producers in this big nation of ours in a very awkward position. Some are treated in better fashion if that province has more money than the have-not provinces yet they are producing the same commodities in competition with one another.

So these things, I think, should be all duly consulted before they are put into practice. We have the right to ask for consultation on these programs too, and I'm sure that in the future that we will have full consultation with any province that puts such a plan in that's going to affect the producers in some other part of the nation. I have many other things, Mr. Prime Minister that I could say but I pass.

Mr. Horner: Mr. Prime Minister, I would like to respond briefly to Mr. Whelan's comment with regard to various provinces pushing the exporting marketing field because Alberta considers this a very important area. And I would like to point out to Mr. Whelan that it was Alberta and the provincial ministers that asked for federal leadership in this area at the Halifax meeting a year ago, and we followed it up at the meeting in Charlottetown the other day, and we have asked for such a vehicle that would provide the federal government with the leadership in that area. And quite frankly, it's that lack of leadership in that area that's gone on in the past that has almost forced the individual provinces to become involved in a major way in the export marketing field. Because quite frankly, we believe that with the opportunities that are there, we have to look at a global supply situation, not just a Canada supply.

Mr. Whelan: Well, I just want to point out that I am not against the province as long as we each know what

the other is doing. You know, like they say a one-handed economist is the best, you know. On one hand and then on the other, if he doesn't have the other hand he can't say it. I think that we should know what both hands are doing in this case and we should be consulted.

We cannot plan our production, because if we don't plan our production, we cannot provide any farm stability whatsoever as far as I am concerned. When you talk about the pulse of my colleague, I can tell you it beats strong, and it beats for the farmers and people of Western Canada.

Mr. Stupich: Mr. Prime Minister, I think we all recognize the importance and desirability of consultation on all matters, but I suggest that in this problem of consulting with the federal Minister about agricultural problems is something like trying to find lunch in this building. You've got to be around a while to do it. When you're dealing with agricultural problems, to which Minister do you go? There are two here today who are answering questions, and I may ask a question of the wrong one. I don't know. And I think there are several other ministers involved as well in agricultural problems. Certainly consulting would be a lot easier—

Mr. Whelan: I like what you said.

Mr. Stupich: I rather suspected that you would. The question really is when it comes to specific problems to whom, or with whom do we consult? Mr. Lang I understood to say, he conceded that there was nothing about stabilization, income stabilization, yet there are several references even in his own paper to questions of stabilizing income, and not for grain farmers, but for farmers generally. This is the overflow. If it was just grain, then I would assume this was your role and not Mr. Whelan's role, but it's farmers generally.

But just one question and it's been asked already, this question about just what do we mean by artificial assistance, and certainly B.C. would be satisfied if by artificial assistance we said that B.C. producers, livestock producers, could have the same access to feed grains as do offshore markets, f.o.b. Vancouver for example. Just as an illustration, the latest figure I heard was that number 1 feed screenings for example could be bought, after going through the port of Prince Rupert, \$17 a ton cheaper in Alaska than they can in Prince Rupert for local producers.

Now, this is the sort of artificial assistance in reverse if you like, that if we could have the same price as they are getting off-shore f.o.b. Vancouver, and if that is not considered artificial assistance, we would be satisfied to go along, but I just don't know what the definition is.

Mr. Lang: May I ask Mr. Stupich a question? Would you not agree that to be fair to cattle producers in the Alberta-Saskatchewan area, thinking in terms of the West, any assistance that, if it was related to moving grain from those areas, to British Columbia areas to feed cattle, but does not apply to moving meat from Alberta and Saskatchewan, is exactly one of those inequities that is sometimes

imposed upon our system by the railways, and otherwise by government; but they are exactly the kind of inequities which are not really acceptable because they artificially induce the movement of the cattle production to a different area than it would normally go?

Mr. Stupich: Certainly that's one of the problems. It's only one of the problems, and the answer I know is difficult to come by, but I just suggest that there are many inequities in this. I know it's difficult to arrive at a solution, but certainly a solution, something better than we have at present, has to be arrived at.

I would like to make several points with respect to Mr. Whelan's paper and the 15 points, not all of them, but some of them. On this question of research and the figure of 112 per cent increase in some ten years, sounds like a tremendous increase. But I suggest that the 112 per cent is probably made up by increases in salary alone, I don't know. I do know that in the Province of British Columbia, the figures that I have are that there have been something like 16 research people that are scientists, quite apart from all the supplementary staff, a reduction in establishment in the Province of British Columbia in the last seven or eight years. So this to me would indicate a considerable reduction in research at least in the Province of British Columbia. So I think if there is the same amount of research going on as there has been in the past, well then certainly it isn't happening in B.C. The minister, in making his presentation, recognizes the need for continued and even expanded research. I think the need is much more apparent, much more glaring, than is recognized in the figures quoted in his paper.

I'd like to compliment him on one matter before I go on to the others, and that is the assistance to establish veterinary schools. I do believe Saskatchewan has been carrying the load here with veterinary schools in Western Canada and I think it's important that the federal government has now recognized in the need for expanding these facilities and likely the provinces also will be asked to make further contributions. But certainly, this is something that I would like to compliment the Minister on recognizing.

On this question though of Canadian fruits, and I just wonder in point number five how far the government intends to go. The Tariff Board is talking about possible changes in current procedures. I have discussed this with the Minister. I think he's aware that in the case of the cherry situation in British Columbia, for example, while the surtax was applied, it was applied perhaps a week and a half or two weeks too late to benefit the B.C. producers. We don't want higher prices than they're getting across the line for cherries. But if we could have had our cherries selling at the same price as they were across the line from the beginning, then certainly B.C. producers would have been very satisfied. But when they're selling at some, instead of \$8 as they opened across the line, when they open in B.C. at \$5.50 then it is nothing short of a disaster. So we can't wait until a week and a half after something has happened before this takes place. So we urge again that this be an automatic thing, that there be an automatic surtax to protect B.C. producers against this sort of thing. As I say,

it's not a case of protectionism, simply a matter of getting the same price as they're getting across the line, and that's not really taking advantage of anybody else or trying to assist the local producers any more than they should be.

On this question of capital investment for facilities, the only thing I would urge there, and again this is a consultation and, Mr. Prime Minister, I don't know which Minister to urge this of. It's in Mr. Whelan's paper but I do urge that there be provincial consultation before these grants are actually made available to the province, so that we do have some consultation as to where these grants should be made available.

Point number nine, and all the ministers have dealt with this, is this question of further stabilization measures for other commodities, and I don't think we can do anything other than emphasize what everybody else has done. It's nothing new. It's quoted in the blue book. It was in the 1971 conference and all we have today is some recognition that this is a problem, that it's a matter of concern I believe were the words used in the federal paper and not much more today except some reference to the fact that this is something that's going to be discussed with the provinces. Now, since 1971, almost two years, a good year and a half at least, there has been opportunity to discuss it but very little discussion has taken place. We hope, and we would like to be confident that this minister will embark very soon on a program of consultation with the various provincial governments on this question of stabilization measures for other commodities.

On credit, again, I cannot help but express some disappointment. In the federal paper that was tabled, there is a quotation, not out of context I think, but out of a sentence "integration of agricultural lending programs in the West is needed." The Minister said there are some thirty farm credit programs in Canada today, and yet all I really see in his proposals today is that there will be more help for young farmers to get established. Good. We want that, we like that. But that is not integration of the thirty credit programs that are going in Canada today, and neither is the second one where we talk about closer working relationship with provincial agricultural staff. We welcome this as well. But again Mr. Prime Minister, it is not integration. And yet in your own paper you recognize the need for integration of agricultural lending programs. Now where is this integration? Hopefully it's still coming. Hopefully, there's something more to come that hasn't been tabled here today, and hopefully it won't be too long in coming, because we agree with the federal government that integration of credit policies is desperately needed in the agricultural industry in Canada.

Prime Minister Trudeau: Could Mr. Whelan answer these questions and we will turn to Mr. Uskiw?

Mr. Whelan: Well, I sound like I'm going to beat a dead horse, but when you say we didn't do anything since 1971 for stabilization, I still will come back to national marketing. It's a machine that will provide stabilization, because if you use the present principle of stabilization that most people have in their minds, you'll drive the small farmers out of business because the big ones can take advantage

of that type of program where you're guaranteed a minimum for a certain amount of production, where a national marketing commission or board can protect the small producers, the small farms, the family farm as far as I'm concerned. It's a machine that they could use to their advantage. I am not saying this machine is perfect but I am just reiterating that that machine is there and it is available.

Mr. Stupich: Only for a few commodities.

Mr. Whelan: Well they can use it for nearly anything they want, the National Marketing Commission. It is up to those producers, whether they be regional, if they are only in one part of Canada or if they are in the whole nation, they can work together to gear their production for the needs in our own country of Canada and for export.

Mr. Stupich: It is very difficult, though, to turn off an apple tree after seven years unless you dig it out and then you can't bring it into production the next year.

Mr. Whelan: No but you can gear your production pretty close to the needs if you know what everybody is doing from all parts of Canada.

You talk about the tariffs, and this is one thing that you talk about, because you know in my experience when we talk about free trade here, you know I don't get very many letters on free trade. Most of the letters I get are about something other than free trade from producers in British Columbia, Alberta, some from Saskatchewan, Manitoba, Ontario, right across this land, that they want some kind of protection and, as you stated, they want the same price that the producer in a country similar to their cost is getting for their product. And when you talk about the sur-tax that we put on cherries, we did that on tomatoes, you know, and all the letters that I got from B.C., they all indicate they are very happy. And I believe we should have machinery that we can act quickly on to protect the interests. When the environmentalists and ecologists are saying that that land must stay for food production, it must stay in fruits and vegetables, it must stay in Alberta, it must stay in British Columbia, it must stay in Ontario. We, as a society, must be prepared to say that those people who must stay in that production are going to enjoy the same type of security, the same type of life, as the rest of our society. So, as far as I am concerned, as Minister of Agriculture, it would be my desire and drive to make sure that that type of action is taken that provides for these people, that kind of life that we want them to have. The thirty provincial programs are provincial, we have really only one federal programme, so if there could be, this is what I want to talk about, consultation. I am quite serious about it, if some of them can be worked together for the betterment of Agriculture, I'm 100 per cent for it.

Premier Blakeney: You didn't mention consultation there though.

Mr. Whelan: In the farm credit, I think we did and if I didn't, we have a whole program, a plan that we have

worked out and we also, have to have consultation, you know with the certain group of people called federal M.P.'s. And when I go by the experience of getting the crop insurance bill passed through the House of Commons it's been placed back there by the Committee for some eight weeks I think now or seven weeks and it would take about two minutes to give it final and third reading so we could participate in those programs that some of the provinces have already passed.

If you could use your influence, the western premiers here, to tell the members of Parliament in Ottawa that they should take about two minutes and get Ged Baldwin, House Leader, to say, "let's go" and get it done, I'd appreciate it very much.

Mr. Stupich: If I had the influence on Ged Baldwin I'd do it.

Mr. Whelan: He's the House Leader on the other side.

Premier Blakeney: First, I'd like to make a comment and ask the Minister of Agriculture for Saskatchewan to make a brief comment. Without being overly repetitive, I want to come back to something that I have said before, and this deals with hog production and I am using it as an example. As you can see our concerns and our problems in working through this particular area. The Department of Regional Economic Expansion has identified agricultural processing as a key growth sector in Saskatchewan and we agree with that analysis, and in particular they have identified hog processing, and we agree with that analysis. And they have identified as limiting factors transportation costs to market and continuity of supply of hogs and we agree with that analysis. They won't say anything about transportation to market, I tried to say a bit about that on Tuesday and Wednesday, but with respect to continuity of supply of hogs, this means in our terms more producers producing more. Now we have done whatever we can to provide for orderly marketing of hogs within Saskatchewan and the orderly marketing of Saskatchewan's production outside Saskatchewan, with an agency, with one other province and we're hoping that other provinces might join in or maybe the federal government can provide one.

Absent from this total strategy is any price insurance and without it we are unable to encourage producers to get in in a large way. Now what really the question I'm going to leave with you and perhaps it could be responded when Mr. Messer is through, would the federal government be prepared to discuss with us a hog price insurance program, which we might be able to offer to farmers? I realize that the paper says the federal government is ready to enter into discussions on how to achieve the necessary stabilization without compromising production efficiency and our international market access, but that seems to me to be fairly highly-qualified. I think the federal government is aware of our problem. DREE has analyzed it fairly fully, and what I'm curious about is, is our situation such that you are prepared to enter into discussions and with discussions compromise production efficiency or international market access or the other qualifications that were in your statement?

Prime Minister Trudeau: I'm afraid, Premier Blakeney, that we've overshot our time and I have Mr. Uskiw who asked for the floor. If you want to stick to our agenda and our agreement I'll just hear from Mr. Uskiw and then ask a reply in behalf of the federal delegation on the subject you raised and then we go on to the next item.

Mr. Uskiw: Mr. Prime Minister, I wish to make one observation and that is you had two ministers, one on each side of you, which apparently are in some contradiction on the question of orderly marketing. Mr. Whelan, the Minister of Agriculture for Canada, indicates that 1% surplus of production can cause chaos. And I should like to point out that 50% deficiency in production can cause the same thing, without an orderly system of marketing. It's a matter of when it is done and how much at one time. At the same time, we have a paper here presented by the Honourable Minister in charge of the Canadian Wheat Board, that is so full of ambiguity that one really doesn't know what the policy intention is. And I should like to ask the Minister in charge of the Wheat Board to tell us more precisely what is meant by the reference to the storage policy having regard to buyer responsibility, mentioned on page 3, and what is meant by items number 5 and 6 on page 8, wherein it suggests that a more orderly method of marketing non-Board feed grain should be provided. That seems to be in agreement with my own principle, but I'm not sure in what context it is provided for us here today. And then it goes on to suggest in item 6 that a domestic feed grain policy should not limit farmer freedoms, and those two are obviously in contraction of each other. So really, I don't know where we are going and then I come down to the final sentence which really bothers me, Mr. Prime Minister, and that is that it suggested that any policy we propose will maintain that role so that our position in exports, our knowledge of supplies, and orderly movement of grain are assured.

Mr. Prime Minister, we're not satisfied as three prairie provinces with that final statement. Because we don't want an assurance that our export position and orderly movement of grain, we want an assurance of our export position and orderly marketing and pricing of grain, and orderly quota allocations of grain. I should appreciate much more elaboration from the Minister in charge of the Canadian Wheat Board on those points.

Premier Blakeney: Mr. Uskiw has asked many of the questions we would have asked.

Mr. Lang: Mr. Prime Minister, I referred in the earlier part of my statement to the fact that what we had these past few years, surely everyone would agree was not a very orderly system, when you might at some particular point in time have barley priced on a farm-to-farm basis at quite a different range of prices in one province compared to another province, and indeed even within the province because of the difficulties of information; where you had barley in surplus areas, in effect attracting hogs and cattle to that area where the more natural thing might have been to move the grain to another area where the hogs and cattle more naturally were. Those are the sorts of things that we had in our system for these past years. Now, the

only solution that I've really heard from several of the governments here represented, is to try to go back to pre-1961, try to even increase the control on farm-to-farm selling, try to make sure that all of it is brought somehow within the range of a fixed or pre-determined price. Even that doesn't control the on farm situation of a farmer who's got a surplus of his own which he treats in a way quite different than if he can market it. What we are after is a solution that produces equitable prices between a producer nearby and a producer somewhere else. That's the principle we're operating on.

I must say that I am surprised to hear it said here by Dr. Horner, that he is completely in agreement with the other positions that have been put, because I have a telegram from him in which he suggests that two of the points that should be followed in solving this problem are No. (1) the abolition of provincial boundaries insofar as marketing of feed grain is concerned, and No. (5) the relegation of the Canadian Wheat Board to the major role of exporter of Western Canadian wheat, oats and barley, and I am not sure that I see that as being completely consistent with the views being put forward by several of the other provinces.

In regard to storage, I really elaborated on this in answer to part of a question from Premier Blakeney. The storage notion that I am talking about is that buyers have some obligation for security of supply, which the market will not by itself produce from buyers for sellers, because the very supply itself, if it's left as part of the ordinary process of grain on hand, tends to undo that. We want a good supply of grain available on September 1st. Our buyers need it. We as customers need it. People in Canada need it. People abroad need it. The moment September 1st goes by and a good crop comes off, then the amount that is on hand tends to be treated by the marketing system, if we just leave it alone, as a deadweight, instead of us being thankful for the fact that it was there. Of course, if the crop was very short, then we'd be grateful about it, and we'd recognize it, even in terms of price that year.

We want security of supply commercially. From a farmer's point of view he might say, "Well he should have only enough security so that he covers most situations." As consumers in Canada that is not enough. We don't want to run out of grain even one in a hundred years. So we want more security than that, and yet that security tends to operate badly and a storage program that deals with that aspect of the problem recognizes the general need to pay the cost of carrying and storing that grain, rather than putting it on the producers is what I'm talking about.

Prime Minister Trudeau: Would you like, Mr. Whelan, to answer Premier Blakeney's question.

Mr. Whelan: Just shortly, Mr. Prime Minister. On what you said, are we prepared to discuss with you stabilization of the hog plan?

I would say this. We are prepared to enter national discussions. But I don't think that we would be prepared to enter a stabilization program that would be just for one province.

To Mr. Stupich, when you talked about screenings that were being sold in Alaska cheaper than in Vancouver, all I can say is that all screenings that are manufactured at elevators that are under the Department of Agriculture's control, are under the Board of Grain Commission, and are sold on public tender. Any other elevators, we don't have that control over them, National Harbours Board or private elevators, the ones that are under the Board of Grains Commissioners they are sold by public tender.

Prime Minister Trudeau: Well, I know there would be a lot more to be asked and answered, but if I'm to live by the agreement we made, we have overshot already by several minutes the time for beginning the final item of the agenda, and I propose that we now deal with that, the problem of capital financing and financial institutions. We had allowed an hour for it, but if possible we will try to end at 4:00 which would put us back on schedule and leave time for a wind-up.

To begin Item 5, Capital financing and financial institutions, the federal Minister of Finance, Mr. Turner.

Mr. Turner: Prime Minister and Premiers, one of the paramount issues for consideration by this Conference is the extent to which funds will be forthcoming to finance the capital investment that is essential to achieve our common objective, that is to say an objective shared commonly around this table, of broadening the economic base of Western Canada.

This is an objective that is shared in many other parts of Canada. It's not unique to the West. It's one to which I attach the very highest priority. The tax measures recently approved by Parliament to help strengthen the competitive position of Canadian manufacturers and processors, both at home and abroad are aimed specifically at promoting the development of secondary industries in order to broaden the economic base of the nation as a whole. For the West they will give a strong stimulus to processing industries at a time when we want to extend production in Canada beyond the raw and semi-processed stage. The corporate measures are also important for smaller manufacturers. Smaller manufacturers and processors in Western Canada will benefit from the low tax rate of 20 per cent.

The federal study of capital financing and financial institutions prepared for this Conference makes it clear that we have been highly successful in building a strong and efficient national financial system. This system mobilizes the savings of Canadians everywhere in order to finance Canadian capital investment—investment that is vital to achieve a steady increase in our production, our employment, our real Canadian income. We are served by a wide variety of Canadian-controlled financial institutions, many of which are very large, dynamic, innovative, competitive, both nationally and internationally.

While there has been a major development of the national financial system over the past few decades, I don't mean to suggest for a moment that there's not room for further improvement. I've long believed, for example, that in order to achieve and increase the depth and breadth of

our financial system, it is necessary to move toward the establishment of a uniform, nation-wide system of regulation to govern nationally-issued securities. I believe that a nation-wide exchange system, I don't mean one stock exchange, I mean a linked series of exchanges is also necessary to increase the liquidity of the secondary markets in which such securities are traded.

One of the long-standing concerns frequently expressed about our financial system has related to the inadequate supply of venture capital, available to establish and expand new enterprises, new businesses. Within more recent years, this gap, I believe, has been considerably reduced by the entry of a substantial number of institutions into the venture capital field. The Canada Development Corporation, established by Parliament in 1971, is already beginning to add a new dimension to this market through the substantial interest it has acquired in three venture capital firms. One of these venture capital firms is headquartered in Vancouver.

The CDC was set up to help develop and maintain strong Canadian controlled and managed corporations in the private sector of the economy and give Canadians greater opportunities to invest and participate in the economic development of Canada. The CDC has identified six areas in which it plans to concentrate its initial investment efforts. And all of those areas have special implications for Western Canada. These are the petroleum and natural gas industry, petrochemicals, mining, pipelines, pharmaceuticals, and venture capital as I previously mentioned.

By the way, Prime Minister, I've been informed by the directors of the Canada Development Corporation that they decided at a meeting of the Board on Tuesday, this week, that the head office of the corporation will be established in Vancouver this October.

We also recognize the need to bolster our capacity to promote the development of smaller Canadian enterprises. My colleague the Minister of Industry, Trade and Commerce, has already discussed with you the Government's intention to establish a new, independent Crown Corporation to be called the Industrial Bank and Development Agency.

One of the important tests of the effectiveness of a national capital market is its capacity to direct the savings of Canadians into capital investment where that capital investment can be put to the most productive use and yield the highest return in relation to such factors as risk and term, regardless of where the opportunity arises in any part of Canada. Now the key question for consideration by this Conference, is how well our financial system serves to fulfil and accommodate the special needs of Western Canada.

Well sir, I think the evidence indicates that on the whole, private enterprise and governments in the West have benefited substantially from their ability to draw on the immense capital resources mobilized through the national markets by the nationally-based financial institutions. And reciprocally, financial institutions in Canada have benefited from the returns generated on western investment opportunities.

In considering the operation of Canadian financial institutions in the West, we have dealt with the facts as we have them. In fairness, we have gone out of our way to recognize where these facts are inadequate or incomplete. We have also gone out of our way to note the problems in collecting meaningful data on capital flows. The fact is that it is very difficult to trace the source and ultimate application of funds. Funds obtained by borrowers are not necessarily used by those borrowers in the same region in which the credit was granted. Nonetheless, the figures which we have been able to draw together demonstrate that the four western provinces have, on balance, obtained a significant share, indeed a more than proportionate share, of the financial resources of the major financial institutions and that these resources have been supplemented and reinforced by funds made available through a variety of federal financing programs.

For example, statistics now regularly available from the Bank of Canada, on the provincial distribution of assets held by chartered banks, indicate that as of the end of 1972 the proportion of selected assets held by the banks in the four western provinces amounted to 33.6 per cent of the total outstanding in these categories for the whole of Canada. This was significantly above the proportionate population and personal income of the western provinces combined of around 26½ per cent. In the provinces individually, the proportionate share of such loans also exceeds their relative share of population and personal income in each case; in the case of each of the four Western provinces.

In response to the challenge of this Conference, the chartered banks have collected and released for the first time, and I welcome this, and I impressed it upon the banks that I expect this data to be continued and to be kept up to date, data that they've released for the first time on the provincial distribution of both loans and deposits.

These data point out that bank loans exceed deposits in each of the four western provinces for a net positive balance of about \$1.25 billion.

The West is also served by a range of other financial institutions such as trust companies, mortgage loan companies, sales finance companies, life insurance companies and credit unions. In the provision of many of their services, these institutions compete among themselves and with the chartered banks. A notable example is the credit union movement in Western Canada, which has been growing rapidly and in 1970 had assets of almost \$1 billion. These credit unions have been broadening their lending activities to include term loans to businesses. They have also become major home mortgage builders and lenders and increasing numbers have been approved as lenders under the National Housing Act.

A substantial volume of capital is also available to smaller business enterprises in the western provinces through a variety of federal government programs. We've laid these programs from figures out of the paper that we prepared for this Conference, and our review of five major programs indicates that on average between the years 1968 and 1972 nearly 59 per cent of all the funds allocated under these

programs nearly \$500 million annually—went to the four western provinces.

I will not go into further detail concerning the extent of institutional financing in the West except to say that our very careful examination of our Canadian financial system convinces us that on balance the western provinces have been reasonably well served up to now in obtaining the funds they required for their development through national and regional sources of private and public sector financing.

Prime Minister, I very much welcome the considered views that have been expressed by the Premiers of the four western provinces in their own paper on financial institutions. While our analysis has differed from yours on some points, we fully agree that there is room for further improvement in these financial facilities to meet particular western needs. The federal government has consistently sought ways to improve the operation of the financial system as it operates throughout Canada and we're continuing that effort here at this Conference.

I'd like to turn now to the important question raised by the Premiers in their submissions concerning the desirability of taking steps to encourage and facilitate establishment of new regionally-based chartered banks in the West.

The experience of the Bank of British Columbia, since its establishment six years ago, suggests that such developments can produce significant benefits. This venture has proved first of all to be financially successful. More important, it has proved and provided a new and growing source of credit to meet the needs of the area it serves. It has played a part in furthering the development of Vancouver as a financial centre and in particular has led to the emergence of an active money market in that city. Perhaps most important of all, it has encouraged the nationally-based chartered banks to move towards greater decentralization of their own operations to meet that new competition, including wider authorization to approve loans locally and regionally. Decisions on loans of \$1 million or more are now made in regional headquarters of all of Canada's chartered banks. This same situation is generally true for trust companies. There has been a consequent increase in influence and authority given to regional bank administrations so that they may respond sensitively and sensibly to the particular financial needs of the areas that they serve. It is my personal conviction that I would favour more western banks and indeed more banks, more competition. And I regret very much that the Bank of Western Canada some years ago didn't get off the ground. I have also told the other types of financial institutions, including trust companies and life insurance companies, that we would look favourably upon broadening the mandates and statutory authority of all these institutions to provide more competition over a wider panorama in the financial market.

Despite the fact that the minimum amount of equity capital required of \$1 million does not present any real impediment in the establishment of a new bank, we are all well aware of the fact that few such ventures have been successfully launched over the past ten years. Consequently, within the past year, we have re-examined the

long-standing position adopted by successive federal governments against the ownership of shares in chartered banks by provincial and other governments. The prohibition to this effect in the Bank Act was established because of concern that provincial participation in bank ownership could well lead to conflicts that might jeopardize the exclusive jurisdiction over banks and banking and authority over monetary policy assigned to the federal government under the British North America Act.

While we would not want to discount completely the danger of potential conflict, we have concluded that this risk is outweighed by the benefits that could flow from the establishment of new regionally-based banking institutions. We are encouraged in this view by the provincial Premiers' paper for this Conference in which you "acknowledge and support the federal government's exclusive legislative authority over banking." Those were your words.

The federal government is therefore prepared to introduce legislation in Parliament proposing the amendment of Sections 52 to 57 of the Bank Act in order to permit a provincial government and its agencies to own initially up to 25 per cent of the voting shares in a newly established chartered bank. We would propose that provision be made in the charter for the staged reduction over a reasonable period of time of such holdings to a maximum of 10 per cent. That's the limit now generally established for any single shareholder under the Bank Act. This 10 per cent limit is to ensure that no individual shareholder will acquire a position of special influence or power in relation to any bank. This new provision would supersede the present provision in the Bank Act, which permits certain agencies of a province to own up to 10 per cent in aggregate of the shares of a bank, provided they are not voted.

We believe that the adoption of this proposal would permit provincial governments to play an effective catalytic role, in fostering the establishment of regionally-based chartered banks, and would encourage private investment from the West in banking.

In other words, we feel that the stimulus of an additional provincial investment would encourage majority private investment from Western Canada in those banks. That is the nature of the use of the word catalytic.

As a further means of facilitating the development of new banks, the federal government is also prepared to recommend to Parliament that the incorporation of new banks be permitted through letters patent. At present, banks may be incorporated only by a special Act of Parliament, and that's a procedure which some of us know can be slow, cumbersome and expensive.

Prime Minister, I believe there is a substantial degree of accord in our views as to the measures that need to be adopted to ensure that more funds are available to finance the expansion and to broaden the economic base of Western Canada. While we may have differences of views to resolve on matters of detail, I would hope that you will agree that these proposals will further enhance the growth of Western Canada without sacrificing the unity of the national capital market. As a government we will

continue to explore new ways of expanding the economic potential of Western Canada and the ability of Western Canadians to attract and mobilize capital investment. Thank you Prime Minister.

Prime Minister Trudeau: Thank you Mr. Turner. Who will lead off on behalf of the provinces? Manitoba? British Columbia. Mr. Barrett.

Premier Barrett: Mr. Prime Minister, let me first of all say that we have received perhaps one of the most significant speeches for the ordinary people of Canada. The potential of the ordinary people of this country for the first time having some say in the banking industry has been made available by the Minister of Finance and I welcome very, very sincerely this door opening that the people of Canada now have to the hallowed halls of banking through their own government.

Naturally I agree with your concluding remarks where you say that there is a substantial degree of accord in our views as to the measures that need to be adopted to ensure that more funds are available, and I also agree that we will probably disagree on the administrative details and on timetables, but nonetheless it must be said that on this particular point, with this opening, this Conference has made some significant gain without political labels being attached to them and I welcome that very, very much. In terms of your statement I was surprised and pleased that the opening was made available. It has been a matter of record that some politicians have fought for this in my own province since 1905.

Mr. Turner: He can afford to smile.

Premier Barrett: Yes. Others fought for it even as recently as 1933 and yet even more recently my predecessor, who did indeed advance this proposition as a good solid proposition on behalf of all the people.

In terms of the specifics, I am concerned about the necessity that the federal government has stated, the necessity of requiring the 25 per cent of the voting shares to be reduced to 10 per cent. This is an area where I think perhaps the philosophical difference between the federal Minister and me would be most obvious.

The governments of the provinces of Canada are not like General Motors nor are they like the A&P food chains. They neither seek to control a particular facility on behalf of the people for narrow gain, nor are they in the business of establishing franchises for someone else to make profit on. The argument that we must reduce ourselves from 25 per cent to 10 per cent means, unfortunately, that we would be required to invest public funds to broaden the security of private investments and which really is not an area of risk.

Banking in Eastern Canada has not been a risk ever. And banking in Western Canada is a pretty good business to look forward to. But I don't like the idea of being placed in a position of having to use public funds to develop a public market for private capital that will be secure.

Nonetheless, I do appreciate the words "reasonable period of time." But I can predict right now that over the ensuing months those few words will be a matter of great controversy and I hope for great understanding between the Province of British Columbia at least and the federal government. A reasonable period depends upon each point of view that we bring to this discussion.

I have a number of specific questions that I must ask you. I must ask you why you feel compelled to limit us to 25 per cent and have us reduce to 10 per cent? I see no reason why it can't be a 100 per cent publicly-owned bank, none whatsoever.

Two, I believe in competition, yes, but in the banking business not uniformity. I would like to ask you whether or not your amendments would limit the provinces to just newly chartered banks or whether or not we would be allowed the right to purchase an existing bank? The last question, and not the least, how soon can we expect the legislation?

Mr. Turner: Well, Prime Minister, to deal with Premier Barrett's three points in order.

Why the initial 25 per cent participation reduced over a reasonable period of time upon examination of the fact to 10 per cent? As I said in my opening remarks, we don't believe that any one shareholder, public, private or corporate, should own more than 10 per cent in a bank. We feel that that influence, would be an influence that could be exercised beyond that shareholding, would be excessive.

Nor in the particular case of provinces taking an equity position, nor can we ignore in that case the conflict I mentioned, and which was referred to in your own paper, the fact that we want to exclude the possibility, if we can, of any divergence in view as to the role of banking which is a federal jurisdiction, and the monetary policy of the country under the authority of the Bank of Canada, again a federal jurisdiction. We believe the 10 per cent is also justified on this ground.

And then Premier Barrett wants to explore the philosophical problem. The purpose of this amendment is not to allow the provinces to get in the business of banking. The purpose is to allow the provinces to act as a catalytic agent to spur investment in Western Canada in banking, and to come up with that initial 25 per cent investment, later reduced to 10 per cent to get the venture off the ground.

Would it apply to an existing bank? I see no objection. I wouldn't know what bank the Premier might have in mind.

When would the legislation be proposed or enacted? We would hope that the proposed amendments would be enacted some time during 1974, well before the next scheduled Bank Act revision due in 1977. Here again, Government proposes, Parliament disposes.

Premier Barrett: Just one small follow-up and then I'll certainly appreciate the comments of my colleagues who have assisted a great deal in the preparation of this material.

I'm still not sure in this one area about the limitations of participation. We did very very much take the trouble of emphasizing in our submission as you quoted, that we

acknowledge and support the federal government's exclusive legislative authority over banking. And I want to make it perfectly clear publicly that that is an absolute statement. The federal government must have the sole responsibility over the legislative authority on banking. There is no dispute in that. Otherwise, the kind of fiscal balkinization that could develop in this country would be unbelievable. But since you have that control, and since we endorse that control, surely a provincial government would be as welcome through its Cabinet or through its Community or through any other approach to be the Board of Directors of the Bank rather than sharing the fantastic efforts of the ordinary citizens with the private speculators. I have no objection to the use of the word "catalyst" but it's my understanding that in a free enterprise society the last thing free enterprisers want is the government to be a catalyst. So rescuing them from their own philosophy and allowing us not to dirty up their profits for them by saying that the government had to support their investment to begin with, the very least you could do is leave us at the 25%. But since I see that you've made up your mind, we have made a bit of progress. We will dispute this particular matter in future debates but I must frankly acknowledge that what you're proposing has significant potential for the ordinary people of this country and I welcome it.

Mr. Turner: Prime Minister, through you Premier Barrett, I welcome again the public acknowledgment of the federal paramountcy, it used to be a good word around these tables, on banking and monetary policy. But I remember that at a lot of these conferences provincial delegates used to say to me when I happened to chair a meeting for Attorneys-General or Ministers of Finance, "we trust you, John, but there may be some other Minister around and we'd like it put down in the legislation." Now, I trust you, Premier Barrett, but you never know who might come along.

Premier Barrett: Mr. Prime Minister, by way of response let us both express that we want no return to the past.

Premier Schreyer: Well, Mr. Prime Minister, I want to join with the Premier of British Columbia in welcoming in the most positive terms, the indication we received today that the proposal we have made in our submission on page 9, our submission on capital finance has been accepted at least in significant part. I do believe that it is at least in one sense a rather historic occasion that a policy that has been existing for many long decades has been reversed and again it's being reversed to a degree. I don't believe that the reasoning or argumentation that was used by previous federal governments for refusing to permit provincial governments entry into banking had any justification in the ultimate sense and today we have at least, by degree again, some reversal.

I'm wondering though whether it shouldn't be a matter of regret that the motivation which lies behind this change seems to be quite a bit different as between the federal Minister of Finance and some of us around this table. I, frankly, don't care much whether the stated reason for taking this rather historic step is because we want the

provinces to act as a catalytic agent for more private investment into regional banking or whether it affords the province an opportunity to become involved by way of minority equity, in banking. But supposing it were, supposing it were to be argued that there is nothing intrinsically wrong with a Crown in the right of a province to become involved in banking as such. One of my colleagues passed on to me an interesting little news story which indicates that in the United States, one of the States of the Union, namely North Dakota, is a 100 per cent owner of a bank, the Bank of North Dakota. It is owned exclusively and wholly by the State of North Dakota, and I am advised that its earnings amount to several million dollars per year which go into the consolidated revenue fund of the State. Now, is this a sin? I cross over into North Dakota from time to time, and I frankly confess that neither socially, culturally or economically is it much different from Alberta, Saskatchewan or Manitoba. I don't detect it because the state owns the bank and that all of a sudden we have entered into a red hinterland. Therefore what is intrinsically wrong with the Crown being involved in the business of banking? I can readily appreciate the federal government's concern that there should not be, for a split second, any equivocation or confusion as to which level of government exercises a constitutional jurisdiction. That is clearly the Government of Canada. But as long as any entity obeys the laws and respects the laws laid down by the level of government that has the jurisdiction, I would hope that in ensuing years the attitude of federal governments would be one of respectful neutrality as to whether a provincial Crown decides to go into the business of banking. I don't want to take too much time Mr. Prime Minister, except to say that quite apart from the changes that apparently now will be made to the Bank Act to permit minority equity ownership by the provinces, although it will have to be on a declining or diminishing basis over a period of reasonable time, but I can't help but ask the question why there is, it is felt that there is need to impose these caveats on these proposed changes to the Bank Act? What is the fear of the Crown in the right of the Province retaining, all right, if you want to put a limitation, 25 per cent, why not allow to at least retain that level of equity position? Or are we to be equated, although we are as a government accountable to the people, are we to be equated with the First City Bank of New York, the First National City Bank of New York, as in the case of the Mercantile Bank that it has to diminish down to 10 per cent over a period of time? I don't think that that is an analogy or a comparison that can stand up. One is accountable to the public and the other is not. And I don't accept the argument that having any one shareholder hold more than a certain percentage of the shares constitutes a position of undue influence, inasmuch as the Crown is not a shareholder in the ordinary sense of the word, but rather has as many shareholders as it has population living within its jurisdiction. Then too Mr. Prime Minister, I want to curtail my remarks by asking my colleague, the Minister of Finance, Mr. Cherniak, to touch on just a number of other points including specifically what we believe to be a complete inaccuracy in page 6 of Mr.

Turner's statement, in which it is alleged that bank loans exceed deposits in each of the four western provinces. We believe that that kind of statement is inaccurate, in the most profound sense. What is being referred to here obviously is bank loans plus holdings of securities and obviously the holding by the banks of Government of Canada securities, not provincial, is being prorated among the provinces in a rather arbitrary way. The Canadian Bankers' Association material which they distributed in response to our submission, tries to make the case that the chartered banks aggregate loans and holdings of securities is such as to show, in fact, an excess of inflow compared to deposits. Well that simply doesn't hold water because it is an arbitrary thing for them to suggest that the shareholdings of Government of Canada securities are to be prorated among the provinces. It doesn't work that way, and it is misleading in the extreme.

So I would ask my colleague, the Minister of Finance, to refine on that and to elaborate as he sees fit.

Prime Minister Trudeau: Before recognizing Mr. Cherniak, Premier Schreyer, I would like to remind the Conference that there is about 20 minutes left of the hour we had allotted to this, and it might be a good idea if the other Premiers wanted to be heard, and then we could return for a second round to the various Ministers of Finance, beginning with Mr. Cherniak.

Premier Schreyer: Either way.

Prime Minister Trudeau: You really took part of the time I think which we should now let the other Premiers use.

Premier Blakeney: Mr. Prime Minister, in view of the time constraints I will be very brief. I simply want to say that we do welcome the initiative of the federal government in acceding to the request set out on page 9 of our submission.

We believe that this could lead to regional banks which could, and we emphasize "could", add new vigour and new flexibility to our economy and be of particular benefit to Western Canada.

As we see it, the proposal would permit two provinces to own 25 per cent each of the bank, and this offers some possibility of our provinces getting together to act as catalysts. We think that this device could well be a significant change in the financial structure of banking in Canada and we welcome it.

Premier Lougheed: Coming from the free enterprise province, we have of course to respond to this with the fact that we have the Alberta Treasury Branches, a \$370 million operation, which is 100 per cent controlled by the Government of the Province.

But we welcome the initiatives as well. We have been discussing and considering in our administration alternative and supplementary financial institutions within our province. We have been talking about a Bank of Alberta and how it might work. Certainly it's a useful option for us to consider.

Prime Minister Trudeau: Thank you very much. Well we certainly have time then to begin the second round. Does Mr. Cherniak want to lead off?

Mr. Saul Cherniak (Minister of Finance, Manitoba): Well Mr. Prime Minister, I appreciate the opportunity. I probably would have avoided dealing with the federal paper had not Mr. Turner thought it advisable to reword it and re-present it again this afternoon.

I would say in a general, not kindly way, that if he evinces in me a reaction of reading a rather complacent position about the position that we find ourselves in in Western Canada, where we are still conscious of the fact that some five banks, I believe it is, control some 91 per cent of total bank assets. It is a matter that has been dealt with extensively in the policy paper itself which I will not repeat.

The federal position paper seems to accept all figures presented to it by the Canadian Bankers Association, life insurance companies, as being verified and checked out carefully, but as my Premier has pointed out, the statement on page 6 that bank loans exceed deposits is incorrect, if it applies to the four western provinces. And if one looked at the Bankers Association brief on page 4, they have a footnote that clearly indicates that these loans "are of all types investments, Bank of Canada deposits and premises." And I think we have calculated some \$2 billion of bank assets being in the form of Federal Treasury bills and other securities purchased by the banks out of the deposits of their western provincial customers.

And as you no doubt know, Mr. Prime Minister, the banks which are required to set aside funds of a certain percentage related to deposits are restricted in the manner in which they can invest them. There is some additional billion dollars of assets which are also distributed in a rather arbitrary manner by the Bankers' Association, not related to the western provinces or indeed to any provinces as such. Which brings me only to mention briefly something that we have referred to in the past at certainly Ministers of Finance meetings, that we feel that there is every justification on our part to request that chartered banks be allowed to, I am not saying be required to, but be allowed to include provincial securities as part of their secondary reserves. We have also proposed that the Bank of Canada, which incidentally happens to be owned 100% by the people of Canada without any serious problems I am aware of, that the Bank of Canada should purchase treasury bills and securities from individual provinces thus giving a substantial aid to us in the capital financing requirements that have already been referred to by your minister. I might say that one valuable thing that has come out of this exercise is that the Banking Association has now found it possible to submit some information which as I say would be better reviewed and confirmed by the Bank of Canada acting on behalf of all of us.

Mr. Turner referred to the C.D.C. and its venture financing efforts in the west. We note that the C.D.C. has 59% in Ventures West Capital Limited which I must point out and remind you consists of some two million dollars

and represents about two percent of C.D.C.'s investment holdings as of March, 1973. The bulk of C.D.C.'s holdings are and remain in central Canada. May I refer only to what has been already mentioned and that is the question of the percentage ownership. As my Premier pointed out we seem to be put in the same position as a foreign bank which has come into Canada. We don't think that the people that are represented by the various provincial jurisdictions should be in the same category. I think that Mr. Turner's statement, which refers to some fear which I think is nebulous, which I cannot personally fully comprehend, but no doubt Mr. Turner does, and you would Mr. Prime Minister, of the conflicts that might jeopardize the exclusive jurisdiction. We don't see it. The charter that would be obtained would be a charter, a federal charter would be bound by federal legislation and Mr. Turner who may be happy to deal with Premier Barrett but not sure of his successors should be assured by the fact that there is legislation and it would not depend upon the peculiar ideas of any individuals who happen to lead any government at any one time. And I think that we fully endorse and it is clear in our presentation. In the presentation, the printed book that you have had for some time, there are some two pages devoted to answering the arguments that we thought would be presented and Mr. Turner has not presented most of them, so we don't have to answer them. But the one he did repeat is the concern of provincial participation. Mr. Prime Minister I really would like to hear that articulated. There may not be that much time for it, but it would be something that would be of interest I should think to the people of my province, the people of Manitoba and other people in Canada. Just what that fear is; just what damage would there be, if a bank, operating under the jurisdiction of the federal government, but owned by the people represented by an elected body, let's say a million people in Manitoba, or if and when we go into partnership some of the other provinces as Mr. Blakeney has suggested, whether all those people would be a threat somehow to the monetary problems and the settlement of those problems by the government, which we all recognize, the federal government which has complete authority in this field.

Prime Minister Trudeau: Perhaps we can ask Mr. Turner now to respond, and we might then have a few minutes left for any other subjects on the financial belt. Mr. Turner.

Mr. Turner: Prime Minister, I will deal with the points raised by Premier Schreyer and Mr. Cherniak, first. The real reason for the limitation to 10% is to avoid that conflict of a provincially-inspired and originally generated banking unit with federal monetary authority and federal banking competence. Now its as simple as that. I was interested in that North Dakota precedent. I don't know how that bank was taken over by the state of North Dakota, under what circumstances, but in any event, there is a unit banking system in the United States, not a nationally chartered banking system. There are fifty states and North Dakota is not necessarily financially paramount among them. And so really while I find the precedent historically interesting, I don't find it conclusive. In any event we oughtn't to forget the certain participation in this matter and I am talking about federal Members of Parlia-

ment. Around this table we tend to forget that we are dealing with national issues, and Parliament will want to look at this provision and Members of Parliament from all political persuasions will want to look at it.

I would imagine they'll want to examine this particular aspect very closely from their point of view, from their federal mandate. I don't think there's anything I said that would imply that the 10 percent rule could be compounded by one or more provinces each owning 10%. The speech doesn't read that way. But I think Premier Blakeney has given me a distinct opportunity to say, right now, that if he wants to go into a partnership with another province, the total will be 10%. If he can show me those words I'd be glad to see them and if I'm not clear then I'm clear now.

On the figures supplied by the Canadian Bankers Association, this is the first time the banks have given the people of Canada through their federal government, this amount of information and I welcome it. I am going to spur its continuance. I'm not as cynical about those figures as Mr. Cherniak. We'll be examining them too, as a matter of fact the Parliamentary Committee will undoubtedly be examining them when it deals with this issue.

All I'm saying is that, if you take those statistics given to us by the Canadian Bankers Association, representing all the Canadian chartered banks, if you take the figures now supplied to us monthly by the Bank of Canada, and I'd like to see those more detailed as well, and I've said so to the government, it seems that the proposition I advanced, namely that the four western provinces have a reasonable proportion of the financial and capital assets of the country, is a fair assumption. Even beyond that, I feel that because of the growth potential in this part of the country, they have probably had more than the proportionate share in terms of population and personal income, but we'll continue to examine those figures and examine the arguments Mr. Cherniak has again repeated.

On the problem of secondary reserves, I might just at this stage say that I believe there is a good deal more competition within the banking system than the paper of the western provincial premiers indicates. One must not only look at the banks as competitors among themselves, but banks as in competition with the trust companies, the life insurance companies, the mortgage lenders, and so on. I think it's interesting to note that the chartered banks held 75% of all the intermediary assets, financial assets, at the time of confederation. And that 75% has been reduced to 44% in 1948, further reduced to 29% in 1968. So there's a far more competitive fabric to our financial system now than then.

On the secondary reserves, Mr. Cherniak and I have talked about this before, Prime Minister, there is difficulty in coordinating federal debt management with a reserve system that would include provincial treasury bills. There's the problem that the provinces ought to face also of, if we were to sacrifice some of the assets that our treasury bills now have in debt management for provincial treasury bills, that would force the federal government into the longer term market, probably to the detriment of the provinces; that it would mean that any sale of provincial trea-

surey bills in accordance with the movement of federal monetary policy might abruptly affect provincial yields. The fact that the Bank of Canada would have to arbitrarily choose among provincial bills for any debt management movement, would provide a problem which would be acute in certain circumstances. The fact that you're really telling me is that if enough provincial treasury bills were brought into the secondary reserve system a federal monetary policy in effect, as those bills displaced federal bills, the provinces would be getting debt-free money from the federal government. Now, there are certain political persuasions that have accepted that, but if we're going to re-work the treasury responsible to the Canadian taxpayer, let's do it openly.

Premier Schreyer: Mr. Prime Minister, just a couple of points of inquiry back to Mr. Turner. Didn't we go through basically the same kind of reasoning and argumentation between federal and provincial governments at the time when the Canada Pension Plan was being established? At that time, the consensus finally did come about whereby the provinces were given access to a certain amount of loanable or investable funds, and I suppose even at that time it could have been argued that to the extent to which the federal government made it possible for the provinces to have access to C.P.P. funds, well to that same extent the federal government was forced to go out on the long-term market. You're making essentially the same argument. Now, to me it's a little ironic that in the Chartered Bankers' Association document they have, I feel, committed an error in lumping together loans and rather arbitrarily pro-rated the provinces holdings of federal government securities. But since they have made that mistake, let's get some substance now and let us in fact think very seriously in terms of some pro rating of provincial government securities access to be held by the chartered banks. I am not suggesting that you give a definitive indication of intent now, but surely it deserves more than an immediate dismissal at this conference, at this point in time.

Mr. Turner: Prime Minister, I want to assure Premier Schreyer that this is not an abrupt and immediate off-the-top-of-the-head rejection. This matter has been on the table a long time and we have done a lot of thinking about it. We are not dealing now with the fiscal side of the equation represented by the Canada Pension Plan or so on. We are dealing with a very delicate monetary instrument that can move from 0 to 12 per cent. It may have to on short notice. So it is not an abrupt dismissal, it is part of a continuing dialogue. Mr. Cherniak hopes that it is part of a continuing erosion but—

Premier Schreyer: My second and last point, Prime Minister, is that while I didn't quite understand Mr. Turner's reference to North Dakota's experience in state banking as being unique in North America, nevertheless it is a fact, and I am sure that Mr. Turner has an adequate research capability at his disposal to ascertain, that it is a fact in that in the free world, the Western World, there are a number of jurisdictions that do have laws to make it possible for the Crown or the public to be either major or sole owners of a particular chartered bank operation,

a retail banking operation. May I just remind you, Mr. Turner, that in a sense we are now harking back to the argumentation that took place back in 1935. When Mackenzie King came to office in 1935, at that point in time they found a newly established Bank of Canada in which the federal Crown was only allowed a catalytic role. Mackenzie King said nuts to all this catalysis and changed the legislation and the Government of Canada became 100 per cent owners. So I would hope we could have made some greater progress in financial and fiscal thinking in forty years.

Mr. Turner: May I say to Premier Schreyer that the difference is that the federal government had authority over monetary policy. So Mackenzie King didn't have the problem that I have. He had a number of our problems but he didn't have the particular problems I have. So I am not contesting for the moment the philosophy position of the province entering banking as part of public ownership. We had a lot of private-public ownership in this country, but what I am looking to here, when I look at that 10 per cent, is how much influence by a provincial government can we accommodate without unduly risking conflict in federal monetary policy and federal banking policy.

Premier Barrett: Let me say just a couple of comments in conclusion. As I said in the outset, the argument around this point will be a matter of public debate, I am sure for some time. But it must be recognized, philosophies aside, that one of the advantages of our political system is to allow this kind of exchange to take place, and that in itself is a good thing, and as much as I must say that I am disappointed we can't have 100 per cent, the fact is that there's been a change. Now we have the opportunity as politicians with our own philosophies to present our points of view around that change. And that in itself is healthy and from my point of view worthwhile, in spending the time that we have here in the last three days and the months of preparing for this conference.

Prime Minister Trudeau: Well, this seems like a good point to wind up the discussion. We are now left only with the final item which was called "general discussion" and we agreed amongst ourselves last night, the Premiers and myself, that we would use the remaining time essentially to try and bring together the threads of the discussion of the past two days, since we already did it for the discussion on transportation. It is rather a difficult task to draw conclusions as a Chairman and I did not want to face that alone. So what we did agree to would be that I would lead off, trying to state the main areas of agreement or disagreement, and then we would turn to each provincial Premier so that he might want to add or subtract from that area of agreement or disagreement. After that, I think it would only remain to give the usual thanks and we could end the conference in that way.

Before summing up then, I would want perhaps to attempt to reply to two questions on timing which were asked at the end of the discussion on transportation and which Mr. Marchand endeavoured to find a reply to. The first question was on when would this federal-provincial com-

mittee meet. Well, as we know, it already has met. The Ministers of Transport have already met today and they have already established a federal-provincial committee of officials which, I am told, will meet very soon. The Ministers have also agreed to hold an organizational meeting in September and a further meeting in December to review progress. At the December meeting, they look forward to an important discussion of the issues raised during this conference.

The second point of question on timing which was asked had to do with the disposal by the CTC of the requests to it to review rates and provide information. In communication with the CTC we are now able to say that very full information will be available for the December meeting. For by the turn of the year, we cannot say how many of these specific rates will be analyzed in detail, but we can ensure at this stage that there will be very full information available to the provinces and to the federal government for that time. Our Ministers also expect to be able to discuss Mr. Peacock's concept of equitable pricing on the suggestion that government should make equivalent cost contributions to the infrastructural needs of all modes of transport. That would be again at the December meeting.

Leaving transport then and attempting to sum up on the success of items on the agenda, the third item, Industrial and Commercial Development, encompasses a wide range of issues which are important for economic growth and development of the Canadian West. Perhaps I could summarize briefly our discussions and conclusions under each of the subheadings of that item.

The objective in the area of mineral resources is that Western Canada should receive greater benefits from mineral resource development. We agreed that this goal should be attained, not only through continuation of the traditional extraction operations of the past, but also through refining and further processing as close to the source of supply as practicable. The federal government indicated its readiness to expand the important role it plays in assisting development of these resources which essentially belong to the provinces. We proposed a number of specific undertakings, which the provinces generally welcomed. In this regard, however, the provinces noted and we agreed that the terms of reference for proposed joint studies or other projects would have to take into account provincial jurisdictional ownership and priority concerns. Perhaps I could mention the more important proposals which met with approval and principle.

First, a non-renewable resource evaluation program likely to begin in Manitoba and be extended elsewhere; second, a joint Federal-Alberta coal resources evaluation program; three, mineral development agreements involving geological surveys, mapping and other work in Northern British Columbia and Northern Saskatchewan; four, a joint exploration and evaluation program for valuable ore deposits to meet anticipated needs for steel in Western Canada; and five, an agreement that the federal and Alberta Governments explore the possibility of joint action to develop the technology for the economical and safe extraction of oil from the Athabasca oil sands.

The next sub-item was industrial programs and the federal government noted that the special importance for western industrial development, noted the special importance of two objectives of our industrial strategy, namely, development of an efficient processing and manufacturing industry and more upgrading of natural resources prior to export.

We noted that the provinces share responsibility with us for developing a realistic national upgrading policy and we invited the provinces to join with us in discussions to this end. And our Minister mentioned some various tools which could be used to strive towards this national upgrading policy.

On the Foreign Investments Review Act, we said that the provinces would have an important voice in the operations of the screening agency to be set up.

The provinces welcomed a federal undertaking to hold direct consultations with all provinces in preparation for the GATT trade negotiations due to begin next year.

Provincial Premiers expressed considerable concern about the West's share of the export credits provided by the Export Development Corporation and their share of the funds made available under the industrial support programs of Industry, Trade and Commerce. We suggested two ways in which the federal government is working to meet this situation: (a) in the immediate term by making the services of Industry, Trade and Commerce much more readily available to business including especially small business in the West through expanded regional offices with greater responsibilities, and (b) over the longer term, that the major purpose of federal industrial strategies to bring about an expansion of processing and manufacturing industries in the West. These industries will be able to take advantage of responsive support programs of IT & C.

The provinces felt that there should be more coordination between the new Industrial Bank and Development Agency designed to assist small businesses, and provincial agencies operating in the same field. We consider that this was both desirable and feasible.

On the sub-item, fisheries, we were able, broadly speaking, to accept the basic features of the proposals made by the provinces. Indeed, in many areas, actions along the lines outlined by the provincial submissions are already underway or are being studied.

We agreed that the spawning grounds for Fraser River Salmon must be improved and that Canadians should harvest all the benefits accruing from construction work dedicated to this purpose. The need for continuing hatchery construction on the West Coast was accepted by the federal government. On fish farming the Department of the Environment will be encouraging pilot projects. We agreed that it was important to continue and increase federal actions devoted to the development of the deep-sea fishing industry off the West Coast and the maintenance of control of the fishing fleet in Canadian hands.

On the question of the Law of the Sea Conference the federal and provincial governments were in almost complete accord. External Affairs will start consultation with

the provinces on Canada's position for this Conference within a few weeks. Canada is advocating a 200 mile zone concept which would give coastal states certain privileges and obligations respecting management and harvesting of fisheries resources far beyond what is accepted internationally today.

Then on the sub-item, tariff policy, there was agreement that this policy should be used to encourage industrial development and further processing of Canadian raw materials in Canada. The main opportunity for review of tariffs will come in the context of the multi-lateral negotiations on changes in tariffs and non-tariff barriers that is due to commence within the GATT within the next year. There was also agreement that the provinces should be fully consulted in the development of the Canadian position for these negotiations. In this context the provinces were invited to submit detailed proposals for tariff changes. The Premier of Alberta stressed that reductions in U.S.

On federal purchasing and decentralization, there was no opportunity to discuss these items after the federal statements were presented, but we have circulated copies of these statements, and indeed lists of various initiatives tending towards greater decentralization which have been taken, or will be taken in the immediate future. However, I think we can say that a comparison of the federal and provincial papers on this matter indicates our agreement that federal purchasing and decentralization should be used to the fullest extent possible in support of balanced regional development. There were a number of specific provincial proposals in the purchasing area which we will be studying.

On development opportunities, including Western Northlands, there was overall agreement on a substantially increased DREE effort in Western Canada. Strong support was given to the new DREE approach of seeking out and supporting major development opportunities in coordination with the provinces. The provinces commented and we agreed on the need for close coordination between federal departments in carrying out this work. It was agreed that the decentralization of DREE operations and decision-making is essential to joint planning and joint implementation of programs to meet local and regional needs. The provinces raised a number of specific development opportunities and projects, and we agreed to study them.

As regards the Western Northlands, it was agreed that the need for development was great and that this should be a high priority for our governments. Furthermore, we agreed that northern residents, including the large number of people of native ancestry, would have a prominent role in planning programs and projects which will affect them.

Then we came to agenda item 4, Agriculture, and when we discussed that, I think it's fair to say that we had a common appreciation of the importance of two main issues, the first, the need to expand agriculture as regards production, markets, further processing and exports, and second, as regards stability.

We were not always agreed on the measures which we should take together, or as individual governments, to meet those needs. In some areas, such as farm machinery, cash advances, new crop developments, more veterinary schools, improved mechanisms for protecting Canadian fruit and vegetable producers in times of over-supply, there was significant agreement on specific measures proposed by the federal government. Many of these were in accord with provincial suggestions.

With full agreement as to what the problem is as regards feed grains, there was also broad agreement on the objectives of a feed grains policy for Canada. The federal government very much appreciates the expression of provincial positions and suggestions in regard to this difficult problem.

There was agreement that the federal government and the provinces should intensify discussions and reciprocal consultation on major areas of current concern, and these included first, an appropriate grains income stabilization policy, second, stabilization of other commodities, for example, hogs was given repeatedly, third, farm credit programs, fourth, market development, including exports, fifth, national livestock development strategy. Finally on research, generally, I might mention that included in the federal statements on the various agenda items, are a large number of proposals for increased federal support research in Western Canada. These include federal involvement in some ten new research institutes or centres of excellence, usually to be developed in cooperation with the provinces, various universities, or both. In addition there were, I believe, some seven or eight announcements of new or expanded federal research programs.

Finally, on capital financing, the federal analysis suggests that Canada possesses a strong and efficient national financial system, and the available evidence suggests that Western Canada has been reasonably well served by private and public sources of capital. We indicated our view, however, that further improvement might be achieved through the establishment of more banks. Accordingly, we proposed to bring legislation before Parliament in 1974 to amend the Bank Act. The amendments would remove the present statutory ban on the ownership by Provincial Governments of voting equity shares in chartered banks, and the amendment would provide however for certain restrictions on such ownership, the discussion on this to be ongoing I understand over a period of years and of governments. Although the provinces question the need for these restrictions and expressed disappointment in that regard, they welcomed the federal proposal as a major breakthrough in principle and we also propose amendments to suggest that banks could henceforth be established by charter rather than by Act of Parliament. I believe that covers the notes I have and I think I have stayed pretty well to the ten minutes we agreed to crowd it into. I will now hear from the various provinces in turn who may want to add or qualify this summary each in their own way. Premier Lougheed.

Premier Lougheed: Mr. Chairman, in concluding this Conference I wanted to underline briefly some of the re-

marks I made at the outset, under the responses that we have to the particular agenda items and a general evaluation on our part as to what has been accomplished here. We came and throughout, I believe, very strongly took the position that we were not in any way asking for special privilege for the West or for our provinces, that we did not seek special favours but we were here to attempt to reduce discriminations that we felt existed against the full development of our part of Canada. We approached it in the interest of Canada and our view throughout because we feel it is in the interest of Canada and I think, as you stated in your opening list of objectives, that there has been one aspect that I think has been in full accord and full agreement here is that Canada would be stronger if the full potential of the West was able to be realized and a balanced growth was spread throughout all of Canada. Naturally during the course of the time that we have been here we as the elected governments of the people in our provinces, as expected, presented strongly and firmly our views with respect to our provinces and in the Canadian context, and we felt that wherever we could we want to present views where we thought there would be a specific increased awareness of potential for all of Canada. Mr. Chairman, I also believe that it has been very desirable to have this as an open conference in every sense of the word, both for the nature of what we have been discussing and for a better awareness of our citizens and I would hope and urge that at First Minister's meetings and when we have it, the First Minister's meeting on Energy that an open conference continues. I suggest Mr. Chairman that it was significant that the four provincial governments that were invited by you to attend, worked together, both the Premiers and their governments; that we put aside differences both in philosophy and geographic base and resource base. We worked very hard on that and all of the governments gave this conference the highest priority over the weeks as we approached it. We presented common position papers and I think that was in the best interest of the Conference to avoid squabbling between provinces or arguments in terms of one provincial view over another, to try to present a western point of view perhaps with different emphasis which would be natural. In terms of evaluation Mr. Prime Minister, I described the important item of transportation, as I did yesterday, of having a situation where we made limited but valuable progress, certainly as far as our province is concerned the decision with regard to cost disclosure is something we have been pressing for and a very important step forward and but also we recognize some real work ahead for us. I think the on-going vehicle that you described in your summary on transportation in terms of Western transportation body is a good one, and the special review of rates, certainly is something that we're pleased to hear. As you opened your remarks, the sense of urgency that we discussed has been transmitted.

In terms of industrial and commercial policy I felt, perhaps after some exchanges, that in terms of tariffs and trades and to some extent the molding together of the two of them, an increased awareness of our feelings in the West. And, I was pleased that Minister of Finance has undertaken, and I will recall the expression "to go to bat for us" specifically with regard to petrochemical tariffs

where I think there are jobs involved not just for Albertans but for all Canadians.

In the area of agriculture, unfortunately, I asked Doctor Horner, our Minister of Agriculture if in a word he could describe the federal government response in this very important area and the word is regretfully "ineffective."

In summary on balance, I would have to regretfully include that the responses by federal government were disappointing. Prior to coming, we read that the federal government had looked at this Conference as one of the greatest preparations they'd had in peace time, and I know they worked hard on it, but it was disconcerting to us. We did make limited but useful progress. I return to my opening statement and conclusion, one of the keys in our mind Mr. Prime Minister, was an understanding of the West by the present federal government. I have to give you full marks in calling the Conference and working at it and trying to do so, but for some reason, that is a complete mystery to me. I sense, maybe it's our inability to articulate, we haven't yet got through either the spirit or the potential of the West. Frankly, we would have foregone any federal dollars, any federal programs in exchange, in our view for understanding. As I said at the change, in our view, for understanding. As I said at the were looking to avoid unnecessary obstacles such as freight rates and tariffs. We didn't want and don't want to be fenced in. We feel we made some limited and some useful progress but we still feel fenced in.

Premier Schreyer: Prime Minister, I want to join with Premier Lougheed in at least indicating that, in a very general way, there has been a worthwhileness to this Conference. The exchange of views has been worthwhile in itself. Insofar as the specific topics of discussion are concerned, beginning first with transportation, which was first on our agenda, I would have to say that it is evident that in many key areas we will not know for some time to come, how much effective progress was made at this Conference. For the moment at least, the apparent, it may not be real, but the apparent unwillingness of the Government of Canada, to recognize the necessity to reduce dependency on competition as a rate setting factor and to supplement it, or replace it with a social or regional development policy, or to replace the competition rates with a criteria of actual cost, that refusal has to be regarded as a disappointment to us in Western Canada.

However, we look forward to your proposed efforts to redress some of the more glaring freight rate anomalies that have been placed before this Conference as examples of how the National Transportation Act works to the detriment of Western Canada. Naturally we expect that the redress of these anomalies will be precedent settings, and that we will not have to present an endless stream of discriminatory freight rate examples in order to achieve real progress.

I am pleased that you have agreed to full rail cost disclosure on a government-to-government basis. This is a major step in allowing any province to determine or attempt to ascertain just where it stands on individual freight rate issues. It is also very useful in my opinion, in assisting the provinces in determining whether or not cer-

tain communities, particularly in the north, are being forced to pay extremely high freight rates not because of high actual railway operating costs but merely because of the absence of highway competition. We would hope to bring cases, as Mr. Marchand has offered to do, to bring cases to the attention of the Department of Transport and the CTC in an effort to ascertain whether anything can be done to reduce freight rate charges or cost of prices that are paid by consumers living particularly in northern more remote communities.

Concerning your agreement to the suggestion in our position paper to study new rail pricing proposals, such as the Alberta presentation, I must emphasize that the proposal for the Government of Canada assuming the cost of operating the public railway road-bed, need not be tied to any rate-making proposal. It is a major independent suggestion which I hope and trust will receive very thorough going and careful consideration by the Government of Canada.

As regards ports and port facilities, I must register my observation that insofar as the port of Prince Rupert is concerned one assumes that there will be, that there is, unequivocal commitment to put major improvements and infra structure into place and this we agree will be of benefit to Western Canadians, but I must register disappointment that the suggestions, the very specific, concrete and modest insofar as price is concerned, suggestions that we have made for improvements of the port of Churchill really have been met by a proposal by the Government of Canada which amounts to a maintenance program rather than a development program. However, we await the Minister's background report which has been promised and we await that with interest. But we are convinced that there have been previous reports which have been relatively optimistic as to the future utilization of the port of Churchill. This particular report is the third in a series that happens to be pessimistic. There is no need to seize on that one as the basis for future action. We really believe that it is not asking for anything much or unrealistic to ask that the Northern Transportation Company Limited be allowed to establish a presence in the port of Churchill and this will go a long way to meeting the interests of the Provinces of Saskatchewan and Manitoba and possibly Eastern Alberta to attempt to get an opening into whatever market exists in the Eastern Keewatin and this cannot happen without a re-supply capability out of the port of Churchill.

The federal highway proposals complement the ongoing efforts of the provinces but I would like it clearly known that this is a program which involves matching dollars and that's fair enough, approximately seventy-eight million dollars federal to be matched by an equal amount by the provinces. This is, however, something which we are quite happy to describe as a positive, clear, crisp, precise undertaking by the federal government which deserves an equally crisp and decisive course of action and commitment by provincial governments. And this I feel will be done so we can start to work and get the job done. I would hope that insofar as northern transportation is

concerned under the general heading of Western Northlands that, before the passing of many moons we will have an equally concise and definitive indication of intent and some quantification of available federal funds to be matched by whatever formula by provincial monies so that there too we can get the job done of bringing improved transportation access to resources that exist in northern Western Northlands both natural resources and of course human resources, communities and the social dimension.

I certainly feel it was important to have the Prime Minister state as he did today that in planning for improved transportation access to communities in Western Northlands, many of which are predominantly of native descent, that we must take great pains and be very sure that there is ample opportunity for input and participation by representatives of the native people in planning for the future. And in that respect I can only voice the hope that we will not procrastinate long after we have gone through the process of consultation and dialogue involving representatives of the native communities, that once we have a clear assessment as to what their priorities and desires are, and once they can be matched to our financial capabilities, that we will then set about the actual task of getting the work done. All of this I am extremely optimistic about and look forward with enthusiasm with consultations with the native spokesmen and Mr. Jamieson of the Department of Regional Economic Expansion.

Insofar as the discussion on agriculture is concerned, I feel that I can simply say that what has been said by my colleagues Premier Lougheed, and Premier Blakeney earlier today, really preclude the necessity of my attempting to add much more at this time. I would only like to underline what Doctor Horner said earlier today, that one of the most crucial tasks, the challenges that faces us in respect to agricultural policy is that the policy-makers, the decision-makers somehow, some way find it possible to get away from this psychology of lingering surplus, that seems to permeate the thinking of perhaps too many of us, and that we try to redirect our agricultural policy, insofar as it relates to Western Canada, with a new psychology of hope, new psychology that will emphasize the need to maintain adequate supplies against future short fall of supplies. In other words the concept of inputs by the Crown in order to maintain an ever normal grain rate. I know that that expression is one used by a distinguished politician, in another country some thirty years ago. But I believe it is particularly appropriate today, because I know that the Minister responsible for the Canadian Wheat Board and his advisors and for that matter perhaps, many if not most of the ministers of the federal government have been thinking of ways and means to improve upon storage, grain storage policy in Canada. I don't think that the Temporary Wheat Reserves Act should be allowed to continue in its present form for very much longer, and it should in fact be replaced because it has a very arbitrary ceiling of a hundred and seventy-eight million bushels. It should be replaced by a policy and program that takes the amount

of storage desired up to an amount to something in the order of 400 to 500 million bushels, guarding against the day of possible short supply. I mention those figures because they are roughly equivalent to one year's production, say 500 million. I really don't want to go into any further elaboration on agricultural policy, it has been well discussed, even if we remain with a good deal of ambiguity and uncertainty in our minds as to just what is intended with respect to the changes in feed grain policy and the application of the authority of the Canadian Wheat Board. There, without being unreasonable, we can only await the announcement by the appropriate minister. But he has had the benefit of our views, and I would hope that his announcement does not go directly opposite to the views expressed here. Perhaps it is expecting too much, that the policy will be in complete harmony with the views expressed here. But I would surely hope that it does not go in complete contradistinction or complete opposition to what we have said.

Finally on finance, Mr. Prime Minister, we have just in recent minutes had a good discussion on that. In the psychological sense, it's a very historic occasion, relative to changes in the Bank Act, the details and the specifics still lend themselves to argumentation, but that, as Premier Barrett has said, is perhaps healthy, looked at in the short and intermediate run, and in the long run of course we're very optimistic, as to the changes that will take place.

So finally, Prime Minister, I want to join with my colleague Premiers in thanking you and your colleagues for announcing, in the first place in the Throne Speech in January of this year, that you were preparing for a conference, just such as this, the one that has just taken place, and we hope that we can all regard it as having been useful, at least insofar as it has given us a good opportunity for an exchange of views, and that can never be harmful.

Insofar as many specifics are concerned, even there, a number of them in my opinion, will be useful when implemented. There are some, of course, where there is disagreement, and I would have been surprised if there had been complete unanimity.

Premier Blakeney: Mr. Prime Minister, first may I thank you for your careful summary of what we have achieved, and I would like to associate myself with many of the remarks of the Premier of Alberta and the Premier of Manitoba. I will not repeat what the Premier of Manitoba has said about Western Northlands, about the port of Churchill, about grain surpluses and storage, but may I, by referring to them, associate myself with his remarks.

I look back on these three days, as a very interesting three days in my personal life, and I suggest perhaps, in the life of Canada. I know that we came here on Tuesday with the idea of, in the words of the Prime Minister, seeing if we could now together, begin shaping a new national policy to strengthen Canada by achieving more balanced and diversified regional growth throughout the country. That was our objective, and I think we have to assess the success or failure or partial success of our Conference measured by that yardstick. We certainly adopt the yardstick, the need for a new national policy.

I regret to say that after three days, I did not see the progress towards that new national policy which I might have liked to see. I think of the agenda items which we discussed, some progress was made. I think of rail transportation, where there was an undertaking to correct anomalies, proposals with respect to cost disclosure could be very valuable, but I detected, otherwise, an inclination on the part of the federal government to retain the status quo position.

With respect to highways, I welcome the new initiatives and I appreciate very much the fact that there has been this response from the federal government.

With respect to Industry, Trade and Commerce and our discussion under that heading, I think the changes proposed were modest changes and indicate no change in basic direction.

Under the headings Energy, Mines and Resources and Agriculture, there was some evidence that the federal government has seen our point of view in several areas. There were some useful programs announced. Some of them were referred to in the Prime Minister's remarks. There were, however, I think, no changes in principle, or no major changes in policy. In agriculture, particularly, I felt there was no response to the provincial proposals. There were no positive concrete programs to provide stabilization for primary producers, no concrete positive programs to provide continuity of supply for processing industries in Western Canada. I would take slight issue with the Prime Minister in his reference to farm machinery testing. I think that in the interests of time we did not record our reservations about the federal initiative and I will not now take the time to articulate them, except to say that we have some.

And finally, turning to the matter of feed grain policy, may I register my concern that the comments of the Minister in charge of the Canadian Wheat Board, failed to meet the urgent requests of the provincial governments and the major farm organizations for a commitment to orderly marketing under the Canadian Wheat Board.

In the field of banking, there was a change of principle, a welcome one, and a welcome response to the provincial proposals, and I compliment the federal government for that change.

In the field of the Department of Regional Economic Expansion there was the possibility, only that but I think we can continue to be hopeful, that there will be some major new initiatives.

I look back on that package and I think they add up to some interesting and useful changes. I regret that they do not add up to a new national policy and I don't really think that they add up to a start on a new national policy. Clearly, we, as Western Canadians, have either failed to explain our point of view or alternatively the federal government has heard us but has not felt itself in a position to respond to our grievances. Just as clearly, we, as Canadians, must be disappointed and concerned that we here in Calgary have made such modest progress or forging the new national policy which could mean a new era in Canadian unity. But perhaps Mr. Prime Minister we have opened channels; perhaps we have built it better

than we knew; perhaps we may yet have laid the ground work for a major contribution to a stronger Canada.

Premier Barrett: Mr. Prime Minister, first of all let me express my very sincere personal appreciation to our host, Premier Lougheed, for what I think is a fine example of what we know as western hospitality. The facilities here are excellent and the accompanying staff needs and other services were beyond question, perfect.

In response to the Prime Minister's review of specifics, it is necessary for me to point out that there are a couple of things missed in the review that I feel are of paramount importance to the Province of British Columbia. First of all, no mention of the east-west routes under the Western Northlands, and secondly no mention of British Columbia's proposal to present to the United States an alternative to the shipment of Alaska oil.

I know Mr. Prime Minister that you share with us British Columbians a deep concern about the threat that the tanker route poses to the coast of British Columbia, and I want to make again a public appeal to you to perhaps contact the President of the United States directly and convey to him directly and personally, our concern about that proposal.

I know relatively little about the problems of the prairie farmers. I sat through many hours of discussions with my colleagues, not out of absolute interest, I confess; but out of necessity to cooperate with them. Over the period of hours that we spent discussing these problems I cannot say that I have yet a grasp of what these problems are, but I tell you Mr. Prime Minister they sure have problems. And as complex as they may be, and as difficult as they may be to grasp, surely there are people within the federal administration who have the background and knowledge of these problems and, perhaps you could have done better through your ministers to alleviate some of these problems. I must confess too, that some of the problems I think are related to feelings rather than fact, but feelings, themselves, become an impediment to progress and I do think that if there is any area of criticism of the three days we've spent, I don't feel there was a display of a feeling of understanding of the alienation that those farmers feel toward the central government. In my opinion I don't think that I would be fair to take the criticisms as a particular attack on the present administration. The history of farmer discontent in Western Canada goes back many generations. I wouldn't expect that the present administration would have changed those but if there has been any failing it has been I think in a lack of a change of attitude and understanding. I do think, too, that the complexity of having two ministers respond to one question only must have added to the confusion for my colleagues and perhaps that is an area that could be worked on. I don't express any favoritism here, I have my own problems.

The Minister of Finance of course is from the West. He's from a western family and the Minister of Finance was the focal point of my direct, very hard, very frank, very candid opening statement. And I want to tell you, I don't mind dealing that way, and I respect the Minister of

Finance in responding that way. I feel a frank exchange is most mature and I do believe that politicians should not be placed in the position of muttering platitudes on the presumption that that is what is expected. I don't believe it is expected. I believe that the frank, candid and sometimes hard exchanges that have taken place here today and the last three days, are healthy and good and I regret very much reading an article, commenting on this particular meeting saying wouldn't it be a good thing if they could lay aside their political bias and come in and all work for the betterment of Canada. The only way we'll get a better Canada is by each person having a political bias to start with, and that's absolutely essential in our political system.

I have grown to have a great deal of respect for my colleagues. I will admit I found it difficult to think that I would be sitting in a room with a Conservative, let alone communicating with him. I don't think that our first meeting was anything less than brittle, but over the period of time we became friends as human beings, and the same I must say for some of the federal ministers and their staff.

I don't use the word "some" in any way to exclude specific ministers, but I must say that it was a total experience in getting to know the people much much better.

As much as I do not understand Quebec, as much as I do not understand Eastern Canada, I confess I don't understand Quebec or Eastern Canada, then I must say the same relative lack of understanding must exist in the minds of Easterners about the West. I make a personal commitment to travel back east to Toronto and to Montreal, and I think it will help me in understanding this country. But I want to leave this message with you Mr. Prime Minister. Having said that I will travel east, please have more of your people travel West. Western style is perhaps more a state of mind than a reality, but even if it is a state of mind, it must be understood. And one thing that I must say for it above all else, it is flexible, quick to change, and very, very much alive. My commitment is to see what I can do to help make this country stronger. There are no real separatist positions left in British Columbia today. Perhaps this conference has gone a little way to reinforce the lack of separatist feeling, but I do feel the one gap that my colleagues feel and that is in the area of agriculture. All in all, nothing has been lost by this meeting. The things that may be gained will probably be more evident in the future, than they are today.

Prime Minister Trudeau: Thank you Premier Barrett. As this Conference is ending, I believe it is customary for the Chair to thank all those who have been involved in various aspects of this historic and unprecedented event. It is unprecedented. We know that this is the first regional conference for a Prime Minister and Premiers to focus on the problems of the region as a whole. There have been, of course, regional groupings of Premiers, there have even been federal-provincial meetings of First Ministers on specific problems, but this is truly the first time that a Federal-Provincial Conference of this kind has taken place in the history of our country. It's unprecedented for

a second reason. This is the first such Conference, outside of the series on the Constitution, which has taken place completely openly and in front of television. Our discussions, our grievances, our disagreements have been there for all of Canada to see and I believe there have been several results from this unprecedented conference. One, is that there's been more concentrated attention, both public and ministerial, on the problem of a region than has ever occurred before in Canada. Never before, for instance, has half of the federal Cabinet, plus the Premiers of the provinces concerned, spent three days discussing the various problems of a region and, second, is that the people of Canada have been able to join us in that concentrated attention to hear and to consider and to learn and to think about the problems of the West, about which the four Premiers have just summed up so eloquently.

I believe this is all to the good and certainly that the members of the federal Cabinet and myself have benefited very greatly from this concentrated study. We certainly know more of the West. We know more of its problems and its views and I think we know more, also, of the possible lines of solution.

For all this I want to express first of all my appreciation to the Premiers for their participation and the way in which they participated, the vigor and frankness of their views, also, the study and the thought which they have obviously given to the various items on the agenda and the work they have put into it. And to thank them, particularly as chairman for the delegated authority they gave to me so that we would be able to dispose of the very difficult and numerous items and subitems of our conference and finish just about on time.

I want to thank them, also for the essential patriotism of their approach. I believe each one at various circumstances, each of the Premiers indicated that he was a Westerner, he was of such and such a province but that he was a Canadian first, and only second, a Westerner of a particular province.

I hope in the same way I will be seen to have come to this province not as an Easterner, not as a Central Canadian, but as a Canadian, as the Prime Minister of all of Canada and, not least, of the western part of this country.

I believe that these have been three good days, I listened attentively to the various evaluations made by the various Premiers and they were something a little beyond, I think, the concept of a summary and I think that is good. It was not merely saying what we have achieved and not achieved. It was an attempt to evaluate that achievement and I couldn't help notice, of course, as we all did that the word "disappointment" or some equivalent word appeared in almost every one of the evaluations. But I must confess that I don't feel crushed by that, I think it is Premier Schreyer who said that he would have been surprised if there had been complete unanimity. I certainly would have been surprised if some feeling of lack of achieve-

ment hadn't been expressed. I am a sufficient student of Federal-Provincial Conferences, and that goes back to well before I was in the game of politics myself, to be able to assert that there's probably been no federal-provincial meeting from which most of the Premiers didn't depart by saying that they were keenly disappointed, that their various demands have not been met. But I think what is most important, and I'm grateful that so many of you, each one of you, indeed, went on to add various qualifications that, for instance, it had been most useful, that it had been a change of principles, that there had been some progress, that there had been historical developments, that there had been significant changes. I think that this aspect is one we should all keep in mind. We have all laboured here for the good of our country and I agree with Premier Blakeney in particular, not when he said perhaps we hadn't even made a start in a national policy, but when he said we had perhaps laid the ground work for a new and better Canada. I believe that we all agree that we are better off that the Conference has taken place, and that Canada is better off that the Conference has taken place, than had it never been conceived and been held, and I think that should be an important test of our labours.

Beyond thanking the Premiers for their participation, I want to say, on behalf of all of them and, of course, of the federal delegation that we owe appreciation to other groups. I'm thinking of the individuals and associations which laboured hard and brought ideas and briefs to us and which have served constructively in the building of this Conference.

In particular, I perhaps should mention the mayors and representatives of municipalities who communicated many of their views to us and I am sure to the provincial governments. Many of the things we have discussed here also affect them and I am glad to thank them for their indirect participation.

I'm sure that a word of thanks, a very emphatic word of thanks, goes from all of us to the President and the staff of Mount Royal College, the amount of effort and planning that must have gone beyond this very warm hospitality we received here, in which nothing was left undone, must have been very great indeed and we would want to thank them for all they did, thank those responsible for the College, itself, for the superb facilities in which we've been meeting, which, I think, are as close to ideal for a Conference of this type as I could imagine.

Thank you to the City of Calgary, to Mayor Sykes, thank you for the hospitality we have received here, and, finally, but certainly not least, I repeat the thanks that Premier Barrett expressed to the premier of Alberta, Premier Lougheed, whose hospitality never seemed to blunt the edge of his arguments but, conversely, his tough and strong argumentations never diminished the warm welcome which we felt in his province.

Last of all, the staffs of our various governments, people involved in staff work of various kinds, people involved in the Secretariat, under Mr. Gallant, who deserve a very strong word of appreciation for their part in making this historic event the success that it has been.

I now want to declare this Conference ended unless I catch anyone's eye for a brief thirty seconds. **Premier Lougheed?**

Premier Lougheed: Mr. Prime Minister, I just would like to add with you, on behalf of the people of Alberta, our appreciation for everybody that has worked in this conference. And on behalf of everybody here, to thank you for acting in such a fair manner as Chairman of this

important Conference. I know how difficult it is to be the leader of government, and to act as Chairman, and at times I am sure the difficulty of resisting being involved in the discussion and our appreciation of the fair and impartial manner in which you have chaired the meeting.

Prime Minister Trudeau: Well, thus ends the one and only Western Economic Opportunities Conference.

PART I

**French translations
of published statements**

PARTIE I

**Version française
des discours publiés**

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DÉCLARATION INAUGURALE DU PREMIER MINISTRE DU CANADA

le 24 juillet 1973

C'est en janvier dernier que le gouvernement du Canada avait proposé aux provinces l'idée de cette Conférence sur les perspectives économiques de l'Ouest. Derrière cette proposition se profilait une donnée de fait—qui me préoccupe profondément—à savoir le sentiment d'insatisfaction qu'éprouvent, dans l'Ouest, tant de fortes personnalités à l'endroit de leur situation et de leur avenir au sein du Canada. Face à un sentiment de frustration aussi répandu chez le quart de ses ressortissants, l'État a manifestement pour devoir de déterminer les causes de cette frustration et de s'employer à les éliminer.

L'élan ainsi donné à cette question n'explique peut-être pas pleinement, à lui seul, pourquoi les Canadiens de l'Ouest et leurs gouvernements ont réagi à l'idée de cette conférence avec un intérêt si remarquable, en déployant tant d'efforts et de bonne volonté, ou encore pourquoi nous avons jugé bon de tenir nos délibérations au grand jour, au vu et au su de tout l'Ouest comme de tout le Canada. De toute évidence, pareil intérêt ne se serait pas manifesté si l'opinion n'avait attendu de nous que la remise sur le tapis de quelques vieux griefs, que le règlement de quelques vieux sujets d'irritation.

Bien plutôt, à mon sens, tous les Canadiens verront peut-être de plus en plus dans cette conférence de Calgary une tribune où pourraient s'amorcer d'importants événements historiques pour l'avenir national du Canada, sans compter bien sûr les conséquences particulières aux Canadiens de l'Ouest. Permettez-moi un instant de préciser ma pensée.

Voici un siècle, grâce à la «politique nationale» de John A. Macdonald, le gouvernement du Canada avait ouvert, à l'ouest, un territoire accessible aux Canadiens en quête d'une vie plus riche, d'une vie plus libre. L'Ouest, à son tour, avait ouvert la voie, sur le plan politique, à une nation canadienne qui désormais s'étendait «d'un océan à l'autre», à un «Dominion du Nord» indépendant.

L'existence de ce dominion, voici un siècle, reposait sur une vision particulière: au centre du Canada, celle d'une «métropole» industrialisée et, à l'ouest, celle d'un «arrière-pays» fondé sur l'agriculture et les richesses naturelles. Or, il y a cent ans, comment les promoteurs de cette politique nationale auraient-ils pu prévoir l'actuelle société de l'Ouest et son épanouissement? les institutions politiques et sociales qui lui sont propres? sa vigoureuse culture, dont témoignent

une architecture, un art, une infrastructure universitaire qui égalent et parfois surpassent ceux de l'Est?

Comment auraient-ils pu prévoir en effet un Canada dont le commerce extérieur ne serait plus axé uniquement sur l'océan Atlantique, mais se tournerait de plus en plus vers les nouvelles zones de croissance de la bordure du Pacifique, vers le Sud-Ouest américain?

Comment prévoir un monde avide du pétrole et du gaz de l'Ouest? un âge où l'avion et de très rapides télécommunications réduisent les distances? une époque enfin où les Canadiens du centre, soucieux de l'environnement, se dresseraient contre les excès de la concentration industrielle et démographique?

Bref, il était impossible aux «pères fondateurs» de prévoir un Canada qui a pris un tel essor, et qui doit le poursuivre. Un Canada uni par des «liens Est-Ouest» bien plus forts, bien plus humains et bien plus sûrs que le mince ruban d'acier qui nous rattachait les uns aux autres voici un siècle.

Aujourd'hui comme il y a cent ans, j'en suis persuadé, les hommes et les femmes de l'Ouest sont appelés à jouer encore une fois leur rôle historique dans la préservation d'un Canada fort et indépendant, et non plus d'un Canada où l'Ouest resterait l'«arrière-pays». L'Ouest canadien, en effet, n'est plus l'arrière-pays, la zone pionnière, mais la petite patrie, si l'on peut dire, du quart de notre population. Cette réalité est manifestement à l'origine de bien des changements dans les orientations du gouvernement. Mais il faut y ajouter un fait nouveau, un fait capital: c'est que la conjoncture, à l'Ouest, au Canada et dans le monde, rend aujourd'hui possibles, et souhaitables, des innovations absolument radicales. Si cette conférence a lieu ici, à Calgary, c'est que le gouvernement du Canada est convaincu, un siècle après la politique nationale des temps héroïques, que nous pouvons désormais agir ensemble et nous mettre à édifier une nouvelle politique nationale. Une politique dont le Canada sortira renforcé grâce à une croissance plus équilibrée et plus diversifiée d'un bout à l'autre du pays.

Quand, à l'Ouest, on parle d'aliénation, je sais bien que l'on n'y fait pas seulement allusion au manque de perspectives économiques. Beaucoup se préoccupent, pour le moins, de manquer de pouvoir de décision à l'échelon national; ce qu'ils veulent, c'est avoir davantage voix au

chapitre dans les affaires du pays. Ici précisément, en ce collège Mount Royal, la voix de l'Ouest se fera entendre à cet échelon, haute et claire. Comme je l'ai dit, nous aurons notamment pour mission, au premier chef, d'élaborer de nouvelles formules nationales avec la pleine participation de l'Ouest, et ce, suivant des modalités qui assureront à nos concitoyens de l'Ouest plus de liberté de mouvement qu'auparavant pour réaliser leurs aspirations, chez eux comme dans tout le Canada.

Le fait que nous envisageons un rôle propre à l'Ouest dans le raffermissement du Canada n'aurait pas surpris les Cartier, les Macdonald et leurs compatriotes de l'époque; que le Canadien d'aujourd'hui ne s'en inquiète pas non plus. L'homme de l'Ouest ne bâtit pas sa maison à l'aide des briques de son voisin. Vous tous à cette conférence, je n'en doute pas, vous conviendrez avec le gouvernement du Canada, qui en a la ferme conviction, que les programmes de renforcement de l'Ouest n'enlèveront rien, ni n'auront besoin de le faire, à aucune autre région du Canada.

Nous entendons tous commencer ce matin, aussitôt que possible, à étudier des propositions concrètes. Je me contenterai donc d'esquisser en quelques mots le point de vue du gouvernement fédéral sur plusieurs problèmes d'actualité dans l'Ouest et sur plusieurs grands objectifs que visent nos propositions. Pour plus de précisions sur ces questions, je vous invite à vous reporter à la déclaration écrite que j'ai déposée.

D'abord, les problèmes. En premier lieu, le caractère inégal et les assises étroites du progrès économique. Certes, le dynamisme de la croissance et les chiffres de l'emploi dans l'ensemble de la région pourraient rendre verts d'envie nombre de Canadiens de l'Est. Mais il suffit de dépasser les chiffres pour constater que, dans bien des zones de l'Ouest et parmi des milliers de ses habitants, sévissent le même chômage et la même pauvreté que dans d'autres parties du Canada. Malgré la vive croissance économique et démographique des grandes villes de l'Alberta et de la Colombie-Britannique, bien des territoires septentrionaux et de multiples secteurs de la Saskatchewan et du Manitoba accusent un taux de croissance lent, sinon nul. Pis encore, la croissance a fait une foule de laissés pour compte, surtout parmi les populations autochtones du Nord.

En outre, avec ses assises économiques relativement étroites et la démographie clairsemée qui en est le corollaire, l'Ouest a donné naissance à une société pleine de «risques», c'est-à-dire une société assujettie aux capitaux extérieurs et à des marchés instables, et, de plus, vulnérable à des choix arrêtés par des centres de décision éloignés en matière de transports et de communications. Cet assujettissement à l'égard de l'«extérieur» et les risques qu'il entraîne alimentent chez les citoyens de l'Ouest le sentiment qu'ils ont trop peu d'influence sur leur propre destin et trop peu à dire en ce qui concerne le développement global du pays. Tantôt, l'homme de l'Ouest perçoit les autres Canadiens comme à travers un lointain halo; tantôt, il semble dire: «c'est ici que ça se passe, et c'est là-bas que se prennent les décisions».

Face à ces problèmes, je n'ai nulle panacée à offrir, nulle baguette magique, mais seulement les modifications fondamentales dont j'ai parlé, au Canada comme hors du pays, afin de susciter de meilleures perspectives que jamais auparavant en vue d'une croissance équilibrée, diversifiée, qui pourra renforcer l'Ouest considérablement. Le jour est venu pour accomplir ce pas en avant, pour progresser vers des solutions concrètes. Gardons à l'esprit non seulement la difficulté, la complexité de notre tâche—elles nous apparaîtront bien assez tôt—mais encore toute une série de grands objectifs réalistes avec lesquels nous pourrions confronter nos propositions. Je voudrais dire un mot sur quatre de ces objectifs.

En premier lieu, il s'agit d'ouvrir davantage l'éventail des possibilités d'emploi et, en deuxième lieu, d'assurer une plus grande stabilité des revenus. Il nous faut alléger les risques, terribles pour l'homme, qui découlent de l'existence des centres à mono-industrie et de la fluctuation des prix mondiaux, tout en œuvrant à l'élargissement des assises économiques de l'Ouest et à l'accroissement des choix professionnels offerts à nos enfants à l'intérieur même de la région. Au départ, nos propositions envisagent la transformation plus poussée de nos richesses avant exportation, programme appuyé par de nouvelles initiatives commerciales et doublé par d'importantes mesures visant à mieux adapter notre réseau national de transports à la croissance équilibrée de l'Ouest, à stabiliser les revenus issus de l'agriculture et à venir en aide aux petites entreprises.

Voici à présent le troisième objectif: faire entendre plus fort la voix de l'Ouest à l'échelon national de la prise des décisions. Grâce à une diversification et à une stabilisation accrues de son économie, l'Ouest bénéficierait d'une croissance démographique supérieure, détiendrait davantage de capitaux et, par là-même, aurait plus voix au chapitre dans l'orientation de l'avenir national. Il ne faut pas oublier pour autant la nécessité de mesures spéciales destinées à mieux sensibiliser les institutions nationales aux besoins régionaux. Nous allons proposer des moyens qui permettent à l'Ouest de créer des établissements financiers à siège social et à contrôle régionaux. Nous aussi nous souhaitons, de concert avec beaucoup de Canadiens de l'Ouest comme avec beaucoup de leurs concitoyens des autres provinces, que le gouvernement fédéral soit moins éloigné de leurs préoccupations et plus sensible à leurs besoins. Nous commencerons, très modestement, sans plus, à proposer un plan susceptible de mieux faire entendre la voix des régions à propos de questions nationales comme les transports et les tarifs. Enfin, nous allons doter le ministère de l'Expansion économique régionale d'une structure fortement régionale. Grâce à sa réorganisation, ce ministère devrait prendre dans l'Ouest, notamment dans les territoires septentrionaux, une importance toute nouvelle et donner à leurs habitants un avant-goût d'une saine décentralisation que nous pourrions à l'avenir mettre davantage à l'essai.

Quatrièmement, nous proposons que les pouvoirs publics, à tous les échelons, tiennent davantage compte de l'aspect individuel des habitants de l'Ouest. Voilà quelle devrait être la pierre de touche de toutes nos propositions, sans

exception. En visant à la diversification de l'économie de l'Ouest, veillons à ce que les avantages qui en découleront—élargissement des choix professionnels et des styles de vie—n'aillent pas seulement aux grandes agglomérations mais aussi aux petits centres urbains, pas seulement aux grands promoteurs immobiliers de l'Ouest mais encore aux agriculteurs tout aussi entreprenants qui travaillent et qui luttent pour la survie de leur exploitation familiale . . . En ce monde, je le sais, bien des domaines échappent au pouvoir des gouvernements ou ne se laissent influencer par eux qu'à la limite. Malgré tout, chaque fois que nous le pourrions vraiment, efforçons-nous, bien plus que par le passé, d'aider les campagnes à se suffire à elles-mêmes; et quand, véritablement, nous ne le pourrions pas, faisons le maximum pour amortir le choc du changement.

Des paroles que je viens de prononcer, vous ne tirerez pas, je l'espère, la conclusion que le gouvernement du Canada est venu à vous dans la disposition d'esprit d'une commission royale. Les temps sont révolus, en effet, pour les analyses stériles. Ottawa n'a nul désir non plus, à

l'instar d'un pharmacien de quartier, de délivrer des ordonnances à l'Ouest. Si nous avons beaucoup de propositions précises à vous présenter, nous avons aussi beaucoup à apprendre de vous.

En guise de conclusion, je me permettrai d'évoquer des expressions comme les «griefs de l'Ouest», l'«aliénation de l'Ouest», que peut-être nous entendrons tous, ou même emploierons au cours de cette conférence. Voilà pourtant qui ne change rien au fait que les Canadiens de l'Ouest sont un peuple plein de ressources, qu'ils ont de tout temps porté plus que leur part du fardeau national, qu'ils sont fiers de leur perspicacité et de leurs talents, et décidés à en tirer parti.

Ce que l'Ouest demande à ses gouvernants, ce ne sont pas des allocations de survie. Ce n'est pas non plus carte blanche pour suivre sa propre voie, indépendamment du bien national. Bien au contraire, ce que veut l'Ouest, c'est une juste part des choses: l'élargissement des choix et des perspectives sur son territoire même et la chance de bâtir son avenir au sein d'un Canada plus fort et plus prospère.

PROPOS D'INTRODUCTION DE M. LE PREMIER MINISTRE LOUGHEED DE L'ALBERTA

Monsieur le Premier ministre, les quatre premiers ministres des provinces de l'Ouest vous félicitent, vous et votre gouvernement, d'avoir reconnu l'existence, dans l'Ouest, de problèmes graves portant sur la nature de l'actuelle Confédération et dont, à titre de représentants élus des citoyens de l'Ouest, nous vous avons fait part, à vous-même et à votre gouvernement, à de nombreuses reprises, en particulier au cours de l'année dernière.

En bref, à l'origine de ces problèmes, il y a un sentiment très vif qu'éprouvent les habitants de l'Ouest du Canada; ceux-ci, en effet, estiment qu'ils pourraient contribuer beaucoup plus largement à la Confédération si certaines politiques fédérales actuelles étaient modifiées de façon à permettre d'utiliser plus rationnellement les talents et les énergies dans l'exploitation des ressources abondantes de l'Ouest. Cela renforcerait considérablement l'ensemble de la nation et, en particulier, sa position commerciale dans le monde. Il faudrait, pour être plus précis, des politiques communes qui encourageraient le traitement de nos matières premières à la source, créant ainsi des emplois dans des régions autres que le Centre du Canada.

Ce que l'Ouest demande en réalité n'est pas un privilège spécial, mais la suppression des obstacles inutiles qui gênent la croissance! Autrement dit, nous ne voulons pas être coupés du reste de la nation.

Les préoccupations de l'Ouest ne peuvent se ramener à une simple question de dollars, de sécurité d'emploi ou même de perspectives économiques—si importants que soient ces problèmes. Elles relèvent plutôt du sentiment qu'ont les Canadiens de l'Ouest d'avoir de grandes réalisations à accomplir chez eux, mais sans pouvoir exploiter leurs possibilités, parce que celles-ci ne sont pas parfaitement comprises ou appréciées à leur juste valeur par le

Centre du Canada, d'où le sentiment de frustration à l'égard de la politique du gouvernement fédéral.

Votre invitation à cette conférence est toutefois de bon augure. Nous n'ignorons pas que vous avez accepté de contracter une importante obligation en affirmant que la conférence crée certains engagements à agir et à progresser. Pour notre part, nous ne venons pas à la conférence comme des adversaires, mais avec des propositions que nous estimons être positives et constructives, et avec la volonté de rechercher un accord de coopération au sujet des problèmes que soulèvent nos propositions.

L'Ouest change et il change profondément—il déborde littéralement de talents, d'idées et de confiance! L'Ouest peut être gagné ou perdu. Nous estimons que la clé du problème réside dans l'attitude et les réactions du gouvernement fédéral à l'endroit des régions de l'Ouest et de leurs gouvernements élus. Si l'on continue à ne pas accorder l'intérêt qu'ils méritent aux multiples talents—à l'originalité de l'Ouest—il est hors de doute que le ressentiment qu'éprouvent actuellement les Canadiens de l'Ouest à l'égard de leur gouvernement national et des institutions administrées depuis le Centre du Canada persistera malheureusement et peut-être même qu'il se développera. Si, par ailleurs, nous avons atteint un tel degré de maturité nationale qu'il nous est possible à tous, où que nous vivons—Toronto, Chicoutimi ou Red Deer—de regarder au-delà de notre petite localité, de notre province et de nos horizons culturels, dans toutes les régions du Canada, alors les habitants de l'Ouest contribueront—en retour—comme jamais auparavant, à l'expansion économique, sociale et culturelle du Canada. Nous désirons, pour reprendre vos propres paroles, monsieur le Premier ministre, être membres à part entière de l'équipe canadienne!

Notre gouvernement national doit donc changer dès maintenant d'attitude à l'égard de l'Ouest. La convocation de la Conférence constitue un premier pas important, mais qui ne saurait suffire en lui-même. C'est la réponse que le gouvernement fédéral apportera à nos propositions communes qui déterminera les résultats de cette conférence. Il n'a pas été facile de rédiger nos propositions—il nous a fallu concilier des divergences de vues—nous avons tenu compte des variables géographiques naturelles pour vous présenter des positions communes. Si nous avions agi autrement, si nous ne nous étions pas efforcés de fixer ces propositions communes comme cadre de la conférence,

la tâche des cinq gouvernements ici réunis pour tenter de parvenir à une entente à Calgary aurait été encore beaucoup plus difficile, sinon impossible.

Vous nous avez lancé une invitation. Nous croyons y avoir répondu de façon positive. Nous sommes d'avis que le meilleur moyen de progresser, durant cette conférence consiste à tenter de déterminer si les propositions de l'Ouest sont ou non dans l'intérêt de la nation. Nous croyons évidemment qu'elles le sont, qu'elles permettront à toutes les régions du Canada de se développer économiquement au profit de tous les Canadiens, où qu'ils vivent. Nous espérons une réponse positive à nos propositions communes.

PROPOS D'INTRODUCTION DU PREMIER MINISTRE DU MANITOBA,

M. EDWARD SCHREYER

(tirés du compte rendu sténographique)

M. le Premier ministre Schreyer: Monsieur le Premier ministre, permettez-moi tout d'abord de louer moi aussi le gouvernement du Canada et le président de cette assemblée pour avoir pris l'initiative de convoquer la conférence historique qui commence aujourd'hui. J'aime à croire que nos discussions et décisions des trois prochains jours profiteront non seulement au Manitoba et aux autres provinces de l'Ouest, mais aussi à la communauté canadienne tout entière.

Je ne pense pas que la présente réunion ait jamais été envisagée comme un simple exercice de relations publiques. Je crois plutôt qu'elle vise à permettre de trouver une solution à un certain nombre de problèmes qui, depuis trop longtemps, sont cause du mécontentement et de la contrariété qu'on éprouve dans les provinces de l'Ouest.

J'espère, monsieur le Premier ministre, que vos déclarations ainsi que les politiques que vous serez en mesure de nous proposer cette semaine justifieront notre confiance. Nous sommes réunis ici d'abord pour parler de l'avenir de l'Ouest canadien, mais nous ne devons pas perdre de vue que cet avenir est essentiellement lié à celui du Canada tout entier, comme nous le verrons au cours de la conférence si nous ne l'avons pas déjà compris.

La population des quatre provinces de l'Ouest a beaucoup travaillé, et elle s'est trop dépensée pour renoncer à ses aspirations, qui sont l'essor de la nation canadienne considérée dans son ensemble, et son propre avenir au sein de celle-ci. Et pourtant, comme vous le savez, monsieur le Président, il passe dans l'Ouest un courant profond d'insatisfaction et de désenchantement que personne, d'ailleurs, ne nie vraiment. Il est apparu ou disparu selon les diverses périodes de l'histoire de la Confédération. Et il est dû en partie, je crois, à la déception d'un grand nombre de Canadiens de l'Ouest, conscients que leurs efforts et leur contribution à la prospérité canadienne se sont heurtés trop souvent à des obstacles artificiels consacrés dans la politique nationale.

Monsieur le Premier ministre, peut-être êtes-vous véritablement intrigué et perplexe quant aux raisons

qui pourraient expliquer cette contrariété, ce désenchantement. Il vous est loisible de croire à certains moments—et personne ne pourrait vous en blâmer—que les gouvernements des quatre provinces exagèrent les difficultés. Mais je peux vous assurer que nos rapports de la situation sont, toutes proportions gardées, fort modérés, plus modérés, en tous cas, que bon nombre de jugements portés au cours des années, et encore ces derniers mois, par des personnes autres que les Premiers ministres de l'Ouest; or, ces jugements ont été confiés aux organes d'information, ils ont même été exprimés en toutes lettres sur des panneaux publicitaires...

Espérons que cette conférence nous permettra d'abolir certains de ces obstacles, et nous fournira l'occasion de constater qu'il est faux que, dans la capitale canadienne, à Ottawa, on fait parfois preuve d'indifférence à l'égard de l'Ouest.

Les matières premières quittent l'Ouest pour y revenir sous forme de produits transformés qui nous coûtent souvent beaucoup plus cher. Et les prix de nombreux biens de consommation sont parfois beaucoup plus élevés que ceux des mêmes produits vendus dans les provinces centrales.

Nous ne pouvons pas ne pas nous interroger sur les différences que nous constatons en comparant les perspectives d'emploi qu'offrent le secteur secondaire des provinces de l'Ouest et celui du Centre.

Lorsque nous considérons la vie rurale et les avantages qu'elle offre, lorsque nous nous rappelons le rôle important qu'a joué l'agriculture de l'Ouest dans l'économie canadienne, nous nous demandons pourquoi tant de cultivateurs ont été forcés de quitter leur terre à cause de la valeur dérisoire de leur ferme, du faible revenu qu'ils en tiraient ou des fluctuations de celui-ci. Pourquoi, d'autre part, tant de petites villes ont-elles périclité par suite de la diminution du nombre des exploitations agricoles?

Voilà autant de préoccupations courantes chez les Canadiens de l'Ouest, et elles sont valables dans une très large mesure. Ces préoccupations, les Premiers ministres

des autres provinces et moi-même devons y faire face chaque jour, et le gouvernement fédéral devra aussi les affronter directement s'il veut être fidèle aux responsabilités qu'il a assumées à l'égard des provinces de l'Ouest et de la nation tout entière.

Les Canadiens de l'Ouest ne s'attendent pas à recevoir un traitement de faveur, et je ne crois pas non plus qu'ils le souhaitent. Ce dont ils ont besoin, monsieur le président, c'est simplement que la politique fédérale leur garantis la même possibilité d'évolution qu'elle offre à leurs compatriotes du corridor situé entre Toronto et Montréal.

Il est étrange que la dernière décennie ait favorisé un tel surpeuplement et une urbanisation si rapide de certaines régions magnifiques de notre pays, une croissance démographique si accélérée qu'on s'inquiète maintenant de leurs méfaits possibles aux points de vue social et écologique. En effet, durant cette même période, d'autres régions, notamment l'Ouest, ont connu les problèmes tout à fait opposés de la croissance lente et du développement insuffisant de l'infrastructure. Nous ne voudrions pas que le gouvernement fédéral ni les gouvernements provinciaux acceptent l'existence d'un tel déséquilibre et de problèmes aussi diamétralement opposés, nous ne devrions pas accepter une telle situation.

Sur le plan historique, le déséquilibre du développement des différentes régions du Canada et des diverses parties de celles-ci est l'un des problèmes auxquels tous les Canadiens ont eu à faire face.

L'importance et la diversité de son secteur industriel est un excellent indice du degré de développement d'une région. Or, à l'heure actuelle, la capacité de fabrication de l'Ouest du Canada est relativement faible. En 1972, la production industrielle de ces provinces ne représentait qu'environ 16 p. 100 de celle du Canada, comparativement à environ 80 p. 100 pour le Centre du pays. En outre, la contribution relative de ces deux régions à la production n'a pas beaucoup changé depuis cinquante ans. Tout comme il y a vingt-cinq ans, les usines d'affinage du cuivre et de fabrication de gros câbles au Canada sont concentrées dans un rayon assez faible, soit dans la région de Montréal-Ottawa.

Autre exemple: jusqu'à tout récemment, l'industrie canadienne de la construction et de l'assemblage aéronautiques se trouvait entièrement concentrée—et j'ai bien dit entièrement—à Montréal et à Toronto, et le gouvernement fédéral accordait d'importantes subventions aux deux sociétés établies dans ces deux villes.

Celui-ci devrait maintenir son aide, si cela est nécessaire dans l'intérêt national, mais la mieux répartir géographiquement, en tenant compte de l'existence de l'Ouest du Canada.

Bien que nombre de facteurs puissent expliquer le développement inégal de notre pays, nous estimons que certaines politiques fédérales ont particulièrement favorisé cette situation. Personne ne niera, par exemple, que les politiques nationales en matière de transports et de tarifs ont joué un rôle considérable dans l'expansion économique du Centre du Canada, parfois aux dépens de l'Ouest.

De même, divers programmes d'aide à l'industrie ont faiblement encouragé la croissance dans l'Ouest. Ainsi on estime que, pendant l'année financière 1971-1972, seulement 8 p. 100 des garanties de prêts et de subventions du ministère de l'Industrie et du Commerce ont été distribués à la Colombie-Britannique, à l'Alberta, à la Saskatchewan et au Manitoba.

On a constaté de semblables injustices au chapitre de l'aide accordée par la Société pour l'expansion des exportations et dans le cadre du programme d'expansion industrielle du ministère de l'Expansion économique régionale. Et je crois qu'on peut dire tout spécialement de la Société pour l'expansion des exportations qu'elle constitue peut-être le plus triste exemple des sources d'écarts entre les régions.

Dans le domaine des achats du gouvernement fédéral, ce dernier a lui-même noté des disparités semblables. Souhaitons que cela l'amène à acheter davantage dans l'Ouest par souci de justice ou pour rétablir l'équilibre. Et si l'Ouest se voit garantir une part proportionnelle des achats du gouvernement fédéral, alors il ne saurait attendre moins dans le domaine encore plus important de l'aide au développement industriel.

De fait, monsieur le président, il va de soi qu'il faut plus à nos provinces que les seules parts proportionnelles de certains types d'aide au développement. Tout comme dans le cas des paiements de péréquation des revenus, où les sommes les plus élevées par habitant sont accordées aux provinces dont la capacité fiscale est inférieure à la moyenne, un élément de péréquation du développement industriel devra être assuré à l'Ouest du Canada par une politique d'achat, par l'exportation, par le financement et par d'autres mesures, pour permettre de réduire les disparités économiques qu'on trouve dans nos provinces par rapport au Centre du Canada.

PROPOS D'INTRODUCTION DU PREMIER MINISTRE DE LA SASKATCHEWAN

M. ALLAN BLAKENY

Monsieur le Premier ministre,

Messieurs les premiers ministres et collègues de l'Ouest,

Je désire, tout d'abord, m'associer et associer le gouvernement de la Saskatchewan aux remarques formulées par M. Lougheed.

Il faut vous féliciter, monsieur le président, d'avoir pris l'initiative de convoquer cette conférence historique. D'aucuns affirmeront qu'elle est tardive, mais il est certain que nous l'envisageons avec confiance. Nous avons été frappés par le sérieux de vos intentions et nous attendons beaucoup des trois prochaines journées.

J'entends, dès l'abord, préciser un point—et je sais que mes collègues les premiers ministres partagent cette façon de voir: nous ne nous trouvons pas ici sur un champ de bataille pour «affronter» Ottawa ou pour tenter de dresser l'Ouest contre l'Est. Nous nous rencontrons dans l'Ouest, mais nous le faisons en tant que Canadiens soucieux avant toute chose, du bien-être du Canada tout entier. Si, à quelque moment que ce soit, nous donnons l'impression de manifester un esprit de clocher, c'est que nous sommes persuadés que les facteurs qui, de façon persistante, isolent l'Ouest, empêchent l'ensemble du Canada de réaliser toutes ses possibilités.

Monsieur le Premier ministre, nous ne demandons pas l'aumône.

Nous nous féliciterons, certes, de toute aide qui nous serait apportée, mais tel n'est pas le but majeur que nous nous proposons ici.

Ce que nous souhaitons, en fait, c'est que vous libériez nos mains des chaînes du passé qui nous empêchent d'accomplir notre destin.

Nous venons ici bien résolus à briser les entraves économiques que la politique nationale du Canada au 19^e siècle nous a imposées. Cette politique, principalement incarnée par des mesures tarifaires et ferroviaires, est basée sur l'exploitation des matières premières de l'Ouest, en particulier les ressources agricoles, et l'implantation, dans le centre du Canada, d'une infrastructure industrielle caractérisée par le protectionnisme.

C'est dans ces conditions que les colons de l'Ouest se sont sentis à la merci des chemins de fer, des banques et du commerce des grains. Mais l'Ouest a changé. Le Canada aussi. Il est temps de liquider les séquelles de cette politique. Il faut prendre, de nouvelles options, fondées sur le développement équilibré plutôt que sur l'exploitation, si l'on veut que notre pays réalise, dans l'unité, sa véritable grandeur.

Nous estimons qu'un secteur agricole pleinement développé constitue l'objectif majeur d'une politique nationale destinée à assurer une expansion régionale équilibrée. C'est dans cette optique que mes collègues de l'Ouest et moi-même réclamons l'exploitation complète de notre sol et de nos ressources humaines, ce qui comporterait trois avantages majeurs, à savoir:

Nous permettre de produire davantage et de mieux diversifier les denrées alimentaires.

Donner un nouvel essor aux communautés rurales.

Donner une assise solide aux industries manufacturières secondaires.

L'adoption de cette stratégie signifie la modification d'un certain nombre de politique nationales qui, pour l'heure, multiplient l'exode des populations rurales vers les centres urbains surpeuplés, sans que l'on se préoccupe, apparemment, des méfaits que cela occasionne tant aux régions rurales qu'urbaines.

La première condition indispensable à l'établissement d'une saine politique agricole pour le Canada est d'assurer la stabilité, et non de fournir des subsides.

En Saskatchewan, par exemple, le revenu agricole total net a connu, au cours de la dernière décennie, des fluctuations considérables qui ont atteint parfois 200% en l'espace d'un an. Par contre, les frais d'exploitation agricole n'ont cessé d'augmenter d'année en année. De près de 350 millions de dollars qu'ils étaient en 1961, ils ont dépassé 630 millions en 1972. Le résultat en fut un dépeuplement massif des campagnes. La population totale des provinces de l'Ouest a augmenté de plus de 50% entre 1951 et 1971, tandis que, pour la même période, elle diminuait de près de 37% dans les régions rurales.

De nombreux facteurs, dont certains sont dûs à la politique fédérale, ont accentué ces tendances caractéristiques que l'Ouest désire freiner. Nous voulons édifier une agriculture qui assure un revenu équitable et régulier au plus grand nombre possible de familles rurales.

Monsieur le président, nous proposerons, au cours de cette conférence, des séries de mesures—dont plusieurs doivent être le fruit d'une collaboration fédérale-provinciale—et qui, estimons-nous, permettront à l'agriculture de l'Ouest du Canada d'atteindre ses objectifs. Pleinement—et intensivement—exploitées, les immenses ressources agricoles de l'Ouest pourraient contribuer davantage à assurer les besoins alimentaires du monde et à accroître le bien-être du Canada.

Mais, quelle que soit l'importance de notre production alimentaire, nous n'entendons pas nous contenter d'être simplement la principale source du pays en produits agricoles bruts. Il nous faut une industrie secondaire pour fournir du travail à nos jeunes. Et, lorsque nous nous demandons dans quel secteur être compétitifs et où résident nos atouts naturels, la réponse s'impose d'elle-même, à savoir, dans le traitement des matières brutes que nous produisons. Pour beaucoup de régions de l'Ouest, cela signifie le traitement des produits de nos fermes, de nos forêts, de nos mines.

Vous me direz qu'il n'y a là rien de nouveau et que, dans le passé, les différents gouvernements, aussi bien au niveau fédéral que provincial, ont évoqué la nécessité de créer une industrie secondaire dans l'Ouest. De fait, le ministère fédéral de l'Expansion économique régionale a, au cours des derniers mois, défini la situation dans nos provinces dans des termes très semblables à ceux que je viens d'employer aujourd'hui devant vous.

Ainsi, nous sommes donc tous d'accord sur nos objectifs majeurs. Mais alors, pourquoi ne les avons-nous pas atteints?

Pourquoi nos gros bovins, nos grains, notre colza, notre bois, nos minéraux quittent-ils l'Ouest pour être manufacturés ailleurs?

Pourquoi sommes-nous, tous, si incapables d'atteindre les objectifs définis par les gouvernements, tant au niveau fédéral que provincial?

Quels sont les facteurs qui s'opposent à l'implantation dans l'Ouest des industries manufacturières secondaires?

Monsieur le président, nous avons étudié ces facteurs.

Nous l'avons fait très attentivement.

Nous estimons que la principale entrave réside dans la politique nationale des transports qui perpétue un système de tarifs de transport des marchandises inique, un système qui sauvegarde l'ancien principe selon lequel l'Ouest est la colonie du Centre du Canada.

La récente décision de la Commission des transports ferroviaires dans l'affaire du colza souligne le fait que nous ne pouvons compter sur les mesures, les lois ou les mécanismes actuels pour supprimer la discrimination qui nous fait obstacle.

L'instabilité qui caractérise l'agriculture constitue la seconde entrave à l'implantation d'une industrie secondaire. Cette dernière, en effet, est inconcevable tant que les prix agricoles sont fluctuants et instables.

Nos gouvernements ont admis depuis longtemps la nécessité d'assurer à l'industrie manufacturière la stabilité

et la protection dont elle a besoin face aux forces économiques internationales. Il nous faut maintenant agir de la même façon en ce qui concerne l'agriculture, tant pour les exploitants que pour les manufacturiers. C'est seulement lorsque nous aurons pris les mesures qui s'imposent que l'agriculture de l'Ouest pourra atteindre sa pleine capacité de production et que nous serons à même d'implanter les industries de traitement et de services qui s'y rattachent.

Nous sommes convaincus, monsieur le président, que si les recommandations contenues dans les prises de position des provinces de l'Ouest sont en grande partie concrétisées, nous aurons effectivement jeté les fondements d'une nouvelle politique nationale—et, plus particulièrement, d'une nouvelle industrie agricole en plein essor, grâce à laquelle l'Ouest pourra contribuer plus efficacement au développement de la Confédération canadienne.

DISCOURS D'OUVERTURE DU PREMIER MINISTRE DE LA COLOMBIE-BRITANNIQUE L'HONORABLE DAVID BARRETT

Les quatre provinces ont présenté un mémoire conjoint sur l'investissement et les institutions financières régionales. La proposition capitale sur laquelle repose le document est énoncée de façon extrêmement simple. La voici: pour stimuler et élargir les fondements économiques et industriels de l'Ouest du Canada, il faut

- (1) multiplier le nombre des institutions financières régionales,
- (2) donner une nouvelle impulsion à la Banque d'expansion industrielle, et
- (3) réorienter les programmes de la Société pour l'expansion des exportations.

Permettez-moi d'examiner, tout d'abord, le cas des banques à charte.

Le développement du Canada s'est effectué dans le sens Est-Ouest. Dès le début du développement économique de notre pays, la politique économique, financière et fiscale du gouvernement fédéral a favorisé la concentration dans le Centre du Canada de l'activité industrielle et commerciale du pays en y contribuant. A titre d'exemples, je citerai la politique tarifaire nationale, qui a stimulé l'expansion des industries secondaires dans le Centre du pays; la politique des transports, qui n'a pas favorisé l'acheminement des produits finis de l'Ouest vers l'Est, bien au contraire; les programmes des stimulants à l'industrie ont réservé la part du lien aux industries bien établies et fort riches du Centre du Canada. Je me suis contenté de citer trois exemples, mais il en existe maints autres.

Mais, monsieur le Premier ministre, mesdames et messieurs, s'il était nécessaire d'appliquer une politique analogue dans les années 10, 20 ou 30 afin de constituer, d'une manière ou d'une autre, un marché financier national, celui-ci est constitué depuis fort longtemps.

Malheureusement, la politique actuelle du gouvernement fédéral continue d'encourager la concentration dans le

Centre du Canada, aussi bien des entreprises commerciales et industrielles du pays que des capitaux nationaux (et c'est de ces derniers que j'entends parler en particulier). Il est temps de lever les barrières qui entravent le développement, dans l'Ouest du pays, des institutions financières régionales. Il est temps de modifier la politique qui, pendant un siècle, a joué contre l'attribution de ressources financières à l'Ouest du pays alors que les riches institutions financières de l'Est continuent à s'enrichir. Permettez-moi, à nouveau, de citer quelques exemples:

1. Cinq des dix banques à charte contrôlent l'industrie et détiennent 91% des avoirs des banques (55 sur 60 milliards de dollars).
2. Le siège central ou le conseil d'administration de neuf des dix banques à charte (la dixième étant la Banque de la Colombie-Britannique) se trouve à Toronto ou à Montréal. Certes, quelques efforts ont été déployés au cours des dernières années pour accorder aux directeurs des succursales plus de pouvoir en matière d'octroi de prêts et de décision concernant les investissements, mais il reste encore beaucoup à faire sur ce plan.
3. Les bénéfices nets des banques à charte se sont élevés, l'année dernière, à 232 millions de dollars avec une augmentation de 23% par rapport à l'année précédente et de 72% depuis 1967.
4. De 1962 à 1972, le pourcentage des prêts bancaires de moins de 100,000 dollars est tombé de 33 à 18. Pendant la même période, celui des prêts de plus de 100,000 dollars a grimpé de 35 à 58. La conséquence de ces chiffres pour les petites entreprises de l'Ouest du Canada se passe de commentaire.

A l'heure actuelle, le secteur bancaire présente toutes les caractéristiques d'un oligopole étroitement contrôlé. Les banques, en effet, vendent un produit uniforme par essence, les services bancaires, et les obstacles qui guettent

les futurs concurrents sont considérables: mise de fonds initiale et difficultés d'obtenir les relations financières voulues ainsi que de constituer une clientèle fidèle. La concurrence financière est presque inexistante. Un exemple très probant en est le document connu sous le nom d'«Accord de Winnipeg», qui date de juin 1972, et aux termes duquel les banques ont convenu de limiter les intérêts payés sur les dépôts importants confiés jusqu'à concurrence d'un an. Le ministre fédéral des Finances a ratifié l'accord qui, dans un autre secteur d'activité, eût été illégal.

Le préambule du résumé du document fédéral sur ce sujet m'amuse: il y est dit que les institutions financières du Canada travaillent dans un climat d'âpre concurrence sur le plan national. Or, rien ne semble confirmer cette thèse. La Commission Porter sur les banques et les finances a dit ceci à propos de la concurrence:

«La concurrence entre les banques est, actuellement, en ce qui concerne les prix, très limitée dans le domaine des prêts. Les banques peuvent avoir des idées différentes sur l'octroi ou non à un client donné des taux d'escompte, mais leurs taux font l'objet de minimums convenus. La concurrence des prix a été encore plus limitée en période de resserrement du crédit par des accords passés entre les banques et stipulant qu'aucune d'entre elles ne prendra les clients d'une autre en offrant un taux plus intéressant ou de plus grandes facilités de crédit.»

De plus, il est temps de pénétrer dans le Saint des Saints du secteur bancaire et de révéler les secrets gardés dans les chambres fortes fermées à double tour. Il apparaît manifestement, à la lecture du document fédéral préparé sur ce sujet pour la conférence, qu'il y a bien des profondeurs insoupçonnées. Deux points du document seulement ont retenu mon attention. Permettez-moi de dire en passant que je suis en complet désaccord avec toutes les conclusions qui pourraient laisser entendre que les besoins régionaux de l'Ouest du Canada sont satisfaits par les mesures actuellement en vigueur. Tout d'abord, le document fédéral ne cesse de mentionner le manque de données complètes dans un domaine ou dans un autre. Cette mention ne revient pas moins de dix fois. J'en citerai quelques exemples:

«Les chiffres connus ne nous ont cependant pas permis d'étudier . . .»

«Les renseignements et les données ne fournissent pas une image complète . . .»

«Malgré ces lacunes dans l'information . . .»

«A supposer que l'on possède toutes les données voulues . . .»

Il y en a d'autres, mais je n'en citerai plus qu'un, «le choix»:

«Voilà autant de questions pertinentes auxquelles ne peut répondre un analyste de l'extérieur sans une étude approfondie d'un grand nombre de demandes particulières de crédit dans différentes régions du pays. Cela entraînerait un examen plus minutieux que dans le passé des opérations privées de crédit et pourrait passer pour une violation de la nature confidentielle des relations entre le banquier et son client.»

Je dis que c'est absurde. Pourquoi ce manque de données et de renseignements? Pourquoi tous ces secrets? A notre époque où les gouvernements, à tous niveaux, en savent tant sur leurs administrés, et où les agences qui recueillent et centralisent les données relatives au crédit et autres renseignements ont des dossiers sur presque tout le monde, il me paraît bien triste que le gouvernement fédéral doive reconnaître dix fois dans son document qu'il ne possède pas les renseignements voulus. Il est temps d'ouvrir en grand les portes et les fenêtres des lieux saints.

Le système bancaire est-il adapté aux besoins de l'Ouest? Non, monsieur le Premier ministre, pas comme il devrait l'être. Posez la question à n'importe quel homme d'affaires de l'Ouest qui attend l'approbation du siège social à sa demande de prêt.

Conclusion

Quelles sont donc les mesures que demandent les provinces pour corriger la situation actuelle en matière de ressources financières?

1. Un changement complet d'attitude de la part du gouvernement fédéral envers l'Ouest et l'énorme potentiel qu'il possède, si les ressources financières sont accordées comme il se doit pour lui permettre d'atteindre ses objectifs. J'espère que les déclarations enfin faites récemment par le Premier ministre, à Vancouver, sur la reconnaissance des problèmes de l'Ouest sont la marque authentique et sincère d'un changement d'attitude de la part du gouvernement fédéral et non de remords formulés au pied du lit du moribond et qui seraient reniés si le malade recouvre la santé.
2. Des changements de la politique du gouvernement fédéral dans les domaines que j'ai mentionnés précédemment et qui permettraient de corriger le déséquilibre qui favorise toujours la concentration des ressources financières dans le Centre du Canada.
3. Une proposition précise. Une modification de la Loi sur les banques qui permettrait aux gouvernements provinciaux, en qualité de représentants du peuple dans leurs provinces, d'acheter des actions de capital social des banques à charte et de bénéficier de tous les droits de vote qui s'y rattachent. Et je me reporte ici au seul autre point du document fédéral qui m'ait impressionné. Il se trouve à la page 51, sous la rubrique «Banques à base régionale». Le paragraphe se termine ainsi:

«Ce qui semble manquer est le catalyseur requis pour fournir et assurer motivation, dynamisme et compétence administrative».

Monsieur le Premier ministre, je propose qu'on laisse aux gouvernements provinciaux la possibilité d'investir comme nous l'avons demandé dans notre mémoire. Cette mesure serait le catalyseur qui manque. Pour pouvoir jouer un rôle, les banques régionales doivent avoir:

- a) des bases financières solides,
- b) une bonne gestion, et
- c) du dynamisme.

La participation des gouvernements provinciaux est nécessaire pour atteindre ces buts.

Il est absolument intolérable d'entendre avancer que la participation provinciale au capital des banques pourrait

diminuer les pouvoirs du Parlement d'Ottawa en matière de réglementation bancaire ou nuire à l'efficacité de la politique monétaire nationale.

ALLOCUTION D'OUVERTURE DE MONSIEUR JEAN MARCHAND, MINISTRE DES TRANSPORTS

le 24 juillet 1973

Dans son allocution d'ouverture, le Premier ministre a expliqué clairement le contexte dans lequel le gouvernement fédéral envisage cette conférence. Je vais pour ma part vous exposer la conception du gouvernement fédéral en fait de politique des transports et préciser de quelle façon nous nous proposons, avec le concours des provinces de l'Ouest, d'examiner quelques problèmes particuliers, les uns de portée régionale, d'autres d'importance nationale.

Le document sur les transports présenté pour compte des quatre gouvernements provinciaux montre de façon claire et concise les perspectives qui s'offrent pour l'Ouest et définit la nature des solutions sur lesquelles leurs premiers ministres souhaitent voir déboucher cette conférence.

Le gouvernement fédéral se propose, non seulement de répondre à ce document, mais aussi d'attirer votre attention, et même celle du Canada tout entier, sur ce qu'on entend exactement par «politique nationale des transports».

Toute politique nationale doit tenir compte à la fois des problèmes intéressant l'ensemble du Canada et de ceux dont la portée est régionale ou provinciale.

L'Ouest, tout comme les autres régions du Canada, s'intéresse à la sécurité et à l'efficacité des transports. Or, notre réseau de transports constitue peut-être l'un des meilleurs, sinon le meilleur du monde. Le gouvernement fédéral a réussi à maintenir un niveau de sécurité aérienne et maritime très satisfaisant, qui deviendra un facteur d'une importance grandissante à mesure que les routes aériennes et maritimes deviendront de plus en plus encombrées. Avec les provinces, nous nous sommes attachés avec succès au problème de sécurité sur les routes; le gouvernement fédéral, par son programme de normes de construction des véhicules automobiles, les gouvernements provinciaux par leurs initiatives en fait de contrôle routier, et ensemble par nos efforts d'uniformisation des normes relatives à la construction et à l'utilisation du réseau routier.

L'extension du réseau routier est l'un des principaux changements que l'infrastructure des transports dans l'Ouest du Canada a connus ces vingt dernières années. De nouvelles routes ayant été construites du nord au sud aussi bien que d'est en ouest, le transport routier a pris une importance croissante dans la région. En même temps, l'Ouest du Canada a su voir dans les oléoducs et gazoducs, d'importants modes de transport et a continué à tirer parti du transport aérien comme moyen de déplacement rapide des voyageurs.

Je réserve pour plus tard la discussion des autres aspects de la question qui traitent de la Banque d'expansion industrielle et de la Société de crédit à l'exportation.

L'Ouest partage avec toutes les autres régions du Canada le désir d'avoir des liaisons aériennes directes et efficaces avec tous les grands centres du Canada ainsi qu'avec les régions importantes des États-Unis et des autres pays.

Le gouvernement fédéral a tenu compte de cette exigence en négociant ses accords sur la navigation aérienne. Par l'intermédiaire de Vancouver, l'Ouest a maintenant des liens solides avec tous les pays du littoral du Pacifique, y compris la Chine. Les deux compagnies aériennes internationales du Canada relient directement la plupart des grands centres de l'Ouest aux capitales européennes. Si les négociations qui ont lieu présentement entre le gouvernement et les États-Unis sont couronnées de succès, elles devraient entraîner l'ouverture d'une autre variété de nouvelles routes qui représentent un intérêt certain pour chacune des provinces de l'Ouest. Enfin, Air Canada a fait de grands efforts pour améliorer son service dans les nombreuses régions qu'elle dessert dans l'Ouest. En outre, je suis décidé à prendre les mesures nécessaires pour que les transporteurs régionaux jouent un rôle toujours plus important afin qu'aucune localité ne soit isolée ni privée des avantages certains offerts aujourd'hui par les services aériens réguliers. La politique en matière d'aéroport du gouvernement fédéral est un des moyens que nous avons trouvés pour répondre à ces besoins.

Vous n'ignorez qu'un aéroport international important doit être construit à Calgary, que celui de Vancouver est actuellement rénové pour faire face aux besoins futurs du trafic et que d'importants changements sont prévus à l'aéroport de Saskatoon. Un grand nombre de travaux aéroportuaires sont en voie d'exécution partout dans l'Ouest.

L'Ouest est directement concerné par le développement des transports dans les Territoires du Nord-Ouest. Le gouvernement fédéral a tenu compte de cette situation dans les divers programmes qui sont maintenant en cours et désire continuer à le faire par des consultations qu'il entend avoir avec les provinces de l'Ouest au sujet des programmes à venir.

Il y a bon nombre d'autres domaines dans lesquels les aspirations et les intérêts de l'Ouest sont identiques à ceux du reste du Canada. Par exemple, la protection de l'environnement qui ne doit pas être polluée par suite des mesures prises pour satisfaire les nouvelles exigences des transports. Nous comprenons aussi que le réseau des transports cana-

diens surtout dans le domaine de l'exportation des ressources vitales, doit demeurer sous le contrôle canadien.

Pour réaliser cet objectif, il faut construire de nouveaux ports comme celui de Prince Rupert pour permettre l'expédition des ressources du nord de la Colombie-Britannique, du nord de l'Alberta et des Territoires, à partir d'un port canadien plutôt que d'un port de l'Alaska. J'ai été particulièrement heureux que mes collègues Jack Davis et Ron Basford et moi-même, ayons pu signer hier à Vancouver, au nom du gouvernement fédéral, un accord avec le Premier ministre Barrett, représentant le gouvernement de Colombie-Britannique, en vue de l'aménagement futur du port de Prince Rupert et de l'extension du réseau du Canadien National et des Chemins de fer de Colombie-Britannique dans le nord de la province. De même, le charbon du sud-ouest de l'Alberta et du sud de la Colombie-Britannique doit continuer à être acheminé par Roberts Bank où nous projetons des travaux d'expansion pour satisfaire les besoins futurs.

Nous partageons entièrement la position des provinces de l'Ouest en ce qui concerne l'agrandissement des installations portuaires et l'amélioration des voies d'accès aux ports, particulièrement dans le sud de la côte de la Colombie-Britannique. Des travaux de ce genre représentent des avantages énormes pour le transport du minerai concentré, du charbon, des produits forestiers, de quantités plus grandes de grains des Prairies, des graines oléagineuses et de produits de ces graines.

Nos portes d'accès à l'étranger ont besoin de liaisons continues avec les régions productrices de l'Ouest. Sensibles à la nécessité d'une complète amélioration des liaisons ferroviaires intérieures, le gouvernement fédéral et celui de la Colombie-Britannique sont convenus, dans l'accord conclu hier, de la construction d'une voie ferrée entre Ashcroft et Clinton, pour le plus grand bien des expéditeurs de céréales des Prairies et des industries d'exploitation des ressources naturelles de la Colombie-Britannique. Grâce à cette ligne, nous n'aurons plus à craindre les immobilisations qui se produisent occasionnellement sur les routes du CN et du CP passant par les Rocheuses et, lorsque le trafic prendra de l'importance, nous n'aurons pas à le dérouter vers les États-Unis.

Votre mémoire reflète le thème de la présente conférence: certains des problèmes de l'Ouest sont spécifiques. C'est également mon avis. Nous sommes prêts à nous confronter à ces problèmes avec votre concours. Il importe à l'ensemble de la nation que ces problèmes soient résolus. Le Canada tout entier ne peut que bénéficier de l'essor de l'Ouest.

En tant que ministre originaire du Québec, j'aimerais faire ici une remarque: la reconnaissance des aspirations culturelles, linguistiques et économiques de ma province nous vaudra, si on s'en occupe convenablement, un Canada beaucoup plus fort et plus uni. A mon avis, les preuves de ce progrès se font déjà sentir. Nous avons le sentiment d'être retenus, de ne pas apporter les contributions que nous permettaient nos capacités. Je crois que le dilemme qui se présente à l'Ouest est assez semblable.

Quels sont les problèmes propres de l'Ouest, et que compte faire le gouvernement fédéral pour les résoudre?

Tout d'abord, il faut nous mettre d'accord sur les buts de l'expansion que nous voulons réaliser. Ce n'est qu'après avoir défini ces buts que le secteur des transports pourra faire preuve de son efficacité en tant qu'industrie et secteur des services.

A titre d'exemple, l'Ouest qui dispose de vastes ressources naturelles et se trouve capable de produire une grande quantité de denrées alimentaires, est tributaire de l'existence de facilités satisfaisantes d'accès aux marchés continentaux et d'outre-mer. Il est évident que si nous voulons répondre aux besoins des industries de fabrication et d'extraction qui ne cessent de prospérer dans l'Ouest, nous devons y améliorer les réseaux routiers et ferroviaires, ainsi que les installations portuaires et aéroportuaires. Si nous devons trouver de nouveaux domaines d'expansion, il nous faut étendre nos réseaux de transport au fur et à mesure des besoins. C'est là le premier objectif que nous devons poursuivre.

Ensuite, il y a la question des taux de transport des marchandises. Le gouvernement fédéral est parfaitement au courant des problèmes qu'ont cernés les représentants de l'Ouest. Nous proposons un programme comprenant les mesures suivantes.

Premièrement, le gouvernement fédéral discute actuellement avec les compagnies ferroviaires de la possibilité d'éviter toute nouvelle augmentation générale des tarifs pendant une période de 18 mois. Cela nous permettra d'étudier la question avec vous et de trouver ensemble une solution à ces anomalies de tarif qui sont réellement préjudiciables à l'Ouest.

Deuxièmement, j'ai demandé à la Commission canadienne des transports, avant cette conférence, de revoir, en vertu de l'article 22, certains taux qui, nous le savons, préoccupent divers groupes de l'Ouest, y compris les gouvernements provinciaux. J'ai très nettement demandé à la CCT de tenir compte avant tout de l'intérêt public en rendant sa décision, tout comme elle l'avait fait dans la récente affaire du colza qui, comme vous le savez, a été la première étudiée en vertu des dispositions d'appel prévues à l'article 23 de la Loi nationale sur les transports. Nos délibérations à cette Conférence ainsi que toute recommandation issue des consultations fédérales-provinciales doivent jouer un rôle important dans les décisions de la Commission. J'ai déposé au Secrétariat une copie de la lettre que j'ai adressée au président de la Commission canadienne des transports pour lui demander la révision de certains taux en vertu de l'article 22; le texte de cette lettre établira clairement que le Gouvernement désire que la Commission tienne compte de la politique formulée aux échelons fédéral et provincial, individuellement ou conjointement.

Troisièmement, le mémoire de l'Ouest sur les transports propose de modifier la Loi nationale sur les transports pour qu'elle établisse clairement l'expansion économique régionale comme objectif de base de la politique nationale des

transports. J'estime que cela peut être réalisé sans modifier la Loi. Ce serait aussi plus conforme à la tradition démocratique de notre pays que nos deux paliers de gouvernement conviennent eux-mêmes de ce qu'il est nécessaire de faire pour favoriser l'expansion économique régionale, plutôt que de laisser ce travail à un organisme de réglementation. Je ne m'oppose nullement à la révision de la Loi, si c'est nécessaire, mais nous devrions d'abord examiner toutes les possibilités qu'elle offre pour l'Ouest du Canada et, naturellement, pour tout le reste du pays.

Quatrièmement, la divulgation des coûts est une question liée étroitement aux préoccupations relatives aux taux de transport. Nous convenons pleinement avec les provinces que la divulgation des coûts, dans une mesure raisonnable, est souhaitable et si elle ne peut être réalisée dans le cadre de l'actuelle Loi—ce que nous ne croyons pas—nous sommes disposés à modifier la Loi.

Enfin, il y a un grand sujet de préoccupation dans tout l'Ouest, un sujet qui est aussi mentionné dans le mémoire provincial, à savoir, l'abandon des embranchements ferroviaires. Nous avons décidé de geler jusqu'au 1^{er} janvier 1975 tous les embranchements restants dont nous ne nous sommes pas occupés plus tôt. Pendant ce temps, comme c'est le cas des tarifs de transport, nous sommes disposés à discuter avec les gouvernements provinciaux de tous les changements nécessaires et ces changements, une fois adoptés conjointement, devront de toute évidence être pris en considération par la Commission canadienne des transports, lors de l'étude des demandes d'abandon qui seront présentées à l'expiration du délai.

Bref, je pense que nous ne faisons tout juste que commencer à explorer toutes les possibilités que nous offrirait la Loi nationale sur les transports si nous pouvions travailler de concert. Pour concrétiser cette nouvelle coopération, nous proposons la création d'un groupe fédéral-provincial qui maintiendrait et consoliderait cette collaboration entre le gouvernement fédéral et l'Ouest relativement aux transports. Nous devrions discuter ici des modalités de constitution de ce groupe et des moyens qu'il peut prendre de façon continue pour résoudre les problèmes de transport. Pour moi, un tel groupe pourrait procéder à des analyses et formuler des recommandations au sujet de tous les modes de transport, qu'ils soient aériens, routiers, par pipe-lines ou par eau.

Nous—et tout organisme permanent que nous aurions établi—devons reconnaître l'importance d'un traitement égal de tous les modes de transport. C'est dans cette optique que le gouvernement fédéral se propose d'abolir les péages imposés aux transporteurs routiers à leur passage par nos parcs nationaux de l'Ouest.

Ce n'est là que l'une des mesures d'un programme concerté visant à mettre sur un pied d'égalité le transport routier et le transport ferroviaire dont la concurrence, telle qu'envisagée dans la Loi nationale sur les transports, a considérablement profité au grand public. Je suis certain que le groupe fédéral-provincial dont je viens de parler veillerait particulièrement à assurer la croissance du trans-

port routier dans l'Ouest du Canada. L'industrie du camionnage connaît des problèmes particuliers dont certains revêtent un caractère national. Nous sommes disposés à examiner ces problèmes avec vous et, naturellement, avec toutes les autres provinces du Canada. Ce sont les utilisateurs qui paient presque entièrement le coût des réseaux routiers; ce n'est pas toujours le cas du transport ferroviaire, et certainement pas celui du transport aérien ou par eau.

On a beaucoup parlé des travaux des Commissions royales d'enquête sur les transports et le mémoire provincial sur les transports laisse entendre que ce fut un échec. Il est difficile d'en convenir si nous comparons nos installations de transport à celles de tout autre pays. L'inventaire est en lui-même un processus de grande valeur et cette conférence est peut-être en un sens la réunion la plus importante jamais tenue pour inventorier les problèmes de transport de l'Ouest. C'est avec un grand intérêt que j'ai pris connaissance des réponses très constructives reçues par le Premier ministre, à la suite des lettres qu'il a récemment adressées à divers groupes particulièrement intéressés au développement futur de l'Ouest du Canada. Ces réponses, ainsi que les études très détaillées faites pour préparer cette Conférence, suggèrent que nous ne sommes peut-être pas aujourd'hui aussi loin d'avoir raison que nous le pensons. En entreprenant une série de discussions avec toutes les provinces du Canada, le gouvernement fédéral a évité la tentation d'adopter dans une région des solutions qui ne valent peut-être que dans d'autres. Pour citer en français le penseur connu Cavour, nous devons chercher «le tact des choses possibles».

Les provinces comprendront, j'en suis certain, que nous aurons besoin de la participation des municipalités et que la consultation à l'échelon local est de la plus haute importance. Le gouvernement fédéral est déjà bien avancé dans l'élaboration de dispositions législatives qui aideront au déplacement ou à la conversion des voies ferrées traversant des zones urbaines. C'est là une question d'importance capitale pour toutes les localités, quelle que soit leur taille, qu'il s'agisse de Winnipeg ou de Wetaskiwin. C'est une question qui illustre aussi la part des transports dans la planification, dans le cadre des efforts déployés par les villes pour améliorer la qualité de l'environnement urbain.

Je suis certain que nous tous, ici présents, convenons que l'Ouest a déjà contribué largement à la réalisation des objectifs nationaux du Canada. Je crois cependant que l'Ouest a un rôle encore plus grand à jouer. Votre compétence et votre énergie sont nécessaires aux transports non seulement dans l'Ouest, mais aussi ailleurs dans le pays.

En tant que ministre ayant détenu successivement les portefeuilles de l'Expansion économique régionale et des Transports, je souhaiterais voir la plus forte intégration possible de ces deux activités pour favoriser la croissance de l'Ouest. Nous voulons assister à la croissance de l'Ouest parce que nous tous, Canadiens, reconnaissons dans cette croissance la grandeur du Canada.

POUR UN SYSTÈME DE TARIFS ÉQUITABLES: PROPOSITION
PRÉSENTÉE PAR L'HONORABLE F. H. PEACOCK
MINISTRE DE L'INDUSTRIE ET DU COMMERCE DU GOUVERNEMENT DE L'ALBERTA

le 24 juillet 1973

Monsieur le Premier ministre, messieurs les premiers ministres et messieurs les délégués. Le gouvernement de l'Alberta propose l'adoption d'une nouvelle méthode d'établissement des tarifs de chemin de fer, que nous avons appelée «technique d'établissement de tarifs équitables». Nous voudrions vous la présenter de la façon suivante:

- 1) D'abord, nous expliquerons le principe de cette technique; nous parlerons de ses objectifs, de son origine et de son application.
- 2) Nous examinerons ensuite le rôle du gouvernement fédéral dans le domaine des transports, à la fois du point de vue de la responsabilité constitutionnelle et de l'engagement que nous demandons à ce dernier de prendre en ce qui concerne notre proposition.
- 3) Nous définirons évidemment le rôle des chemins de fer dans cette technique d'établissement de tarifs équitables.
- 4) Puis, nous proposerons une méthode pour mettre en œuvre notre technique et la contrôler.
- 5) En dernier lieu, nous ferons un résumé de notre exposé et nous vous inviterons à prendre position.

Notre méthode d'établissement des tarifs ferroviaires repose sur le principe fondamental du droit à l'égalité des chances économiques pour la totalité du Canada. Tous les Canadiens . . . toutes les sociétés . . . et toutes les régions doivent avoir la liberté d'exercer les activités pour lesquelles ils sont le mieux adaptés. On ne doit pas les empêcher de le faire par des barrières artificielles comme des tarifs de transport des marchandises établis de façon arbitraire.

Le système de tarification actuel peut être . . . et même doit être . . . modifié pour permettre au Canada de réaliser ses objectifs nationaux. A cet effet, nous proposons l'adoption d'une nouvelle méthode, la technique d'établissement de tarifs équitables, qui constituerait le pivot de notre politique nationale des transports. Nous partons d'un principe: l'égalité pour tous les expéditeurs, partout au Canada, et, par voie de conséquence, l'égalité pour tous les moyens de transport au Canada.

Nous proposons, pour notre technique, de partir du tarif le plus bas existant qu'aient publié les chemins de fer pour tous les expéditeurs. Du point de vue du consommateur, rien ne justifie l'existence de tarifs différents pour chaque expéditeur si les variations ne tiennent qu'à la différence de valeur des marchandises transportées ou à l'absence de concurrence dans les moyens d'expédition.

La technique d'établissement de tarifs équitables préconise la prise en charge des infrastructures ferroviaires par le gouvernement fédéral, dans la même proportion que pour les transports maritimes et aériens.

La nouvelle technique que nous proposons a été élaborée à l'aide des principes directeurs suivants:

- 1) Établissement des tarifs en fonction du coût des services.
- 2) Maintien des tarifs statutaires pour les grains.
- 3) Conformité avec les pratiques actuelles des transporteurs en ce qui concerne les coûts.
- 4) Maintien, et même développement, des groupements tarifaires.
- 5) Reconnaissance assurée que les utilisateurs des transports non ferroviaires ont reçu et continueront de recevoir une aide financière importante des différents niveaux de gouvernement.
- 6) La technique doit être en accord avec les déclarations de principe de la Loi nationale de 1967 sur les transports.
- 7) Elle doit être réaliste et pouvoir être appliquée immédiatement.
- 8) Elle doit pouvoir être facilement contrôlée et modifiée au besoin.
- 9) Elle mettrait fin aux injustices régionales.

A notre avis, cette proposition remplira toutes les conditions susmentionnées, permettant ainsi de mettre au point de nouveaux tarifs ferroviaires avantageux pour tous les expéditeurs . . . toutes les régions . . . et tous les moyens de transport . . . y compris les chemins de fer.

Vous allez vous demander comment nous allons concilier toutes ces exigences. En premier lieu, pour ce qui est du coût des services, le problème est très complexe dans la mesure où il faut établir le coût réel des transports. Il faut, en effet, tenir compte de milliers d'articles transportés à des milliers d'endroits différents. Nous avons tourné la difficulté en commençant par étudier les tarifs ferroviaires en vigueur.

La loi canadienne actuelle stipulant que les tarifs ferroviaires ne doivent jamais descendre au-dessous des coûts variables à long terme, nous avons pris les tarifs les plus bas qui existent pour déduire la valeur approximative de ces coûts.

Il est toutefois évident que le coût varie avec les produits. Il a donc fallu faire une catégorisation plus complète qui correspond aux divers coûts. On pourrait croire que les marchandises appartenant à un même groupe, par exemple, grains, minerais ou machines, vont ensemble; or il n'en est rien. Les chemins de fer ne devraient pas s'occuper de la nature du produit qu'ils transportent. Seul le poids du produit devrait compter. Des poids différents pour un même volume ont une incidence sur les coûts du transport, mais nous estimons que la nature même du produit transporté dans un wagon ne devrait pas servir de base à l'établissement du tarif de transport. Un wagon est un wagon. En partant de ce principe on peut faire une meilleure classification des coûts. Nous avons donc établi

des catégories de tarifs différents selon les types de wagons utilisés.

Il existe, en gros, sept types de wagons: les wagons couverts, les wagons-trémies, les wagons-tombereaux, les wagons plats, les wagons-citernes, les wagons réfrigérants et les wagons porte-automobiles. Il peut évidemment y avoir des variantes, mais elles ne modifient pas de façon sensible les résultats. Chaque type de wagon sert à transporter une multitude de produits; d'ailleurs, de nombreux produits peuvent être transportés, et le sont effectivement, dans des wagons de types différents.

Après avoir déterminé les catégories de coûts par type de wagon, il s'est avéré nécessaire de choisir des tarifs existants pour chaque type de wagon. A titre d'exemple, examinons le cas des wagons porte-automobiles. Les tarifs ont été établis pour beaucoup de mouvements très variés. Afin de faciliter les comparaisons, ils sont exprimés en cents par mille automobiles. Puis, ils ont été représentés sur un graphique, comme vous le voyez sur les écrans. Le millage est porté en abscisse, le prix (en cents) par mille automobiles, en coordonnée.

Le point n° 1 représente le transport des automobiles d'Oakville (Ontario) à Calgary (Alberta). Le tarif actuel est de \$2,200 par wagon porte-automobiles à trois niveaux ou de \$1.04 par mille-automobile.

Les autres points indiquent les tarifs à partir de différents points d'expédition jusqu'à diverses destinations. Tous les tarifs mentionnés s'appliquent au transport par wagon porte-automobiles à trois niveaux.

Il y a de nombreux cas de tarifs différents pour des distances analogues. Les écarts sont par trop importants pour qu'on puisse les justifier en invoquant la diversité des conditions géographiques d'exploitation. En fait, certains de ces tarifs sont appliqués dans la même région... pour le même parcours... et à partir du même point d'expédition. Les écarts peuvent s'expliquer par la façon dont les chemins de fer établissent les tarifs. Les tarifs les plus élevés sont fixés en fonction des autres possibilités d'expédition qui s'offrent à l'expéditeur, si toutefois il en existe. Pour les autres marchandises, les tarifs les plus élevés sont fixés d'après la valeur du produit, ou selon les possibilités de paiement que les chemins de fer prêtent à l'expéditeur.

Les tarifs les plus faibles indiqués sur le graphique sont ceux que les chemins de fer ont établis pour faire face à la concurrence des autres modes de transport. Ces tarifs, ces frais qui sont considérés à l'heure actuelle comme étant les plus compétitifs devraient être appliqués à tous les expéditeurs et dans toutes les régions. Nous proposons que les tarifs ferroviaires soient calculés en reliant tout simplement par une ligne tous les tarifs les plus faibles qui figurent sur le graphique. Cette ligne, que nous appelons la courbe équitable des tarifs, se situe quelque part au-dessus des coûts variables... parce qu'elle comprend les taux actuels qui, selon la législation en vigueur, ... doivent être supérieurs aux coûts variables. Elle doit constituer par conséquent le tarif maximal que les chemins de fer sont autorisés à percevoir pour des distances données.

Pour illustrer l'importance de cette méthode, reportons-nous une fois de plus au point n° 1, c'est-à-dire au tarif actuel de \$1.04 par mille-automobile, qui tomberait à \$0.47, soit une baisse de \$0.57 ou de 55%.

Nous avons procédé à d'autres calculs se rapportant aux wagons porte-automobiles afin de mieux préciser ce point. La diminution du tarif de transport d'une automobile expédiée de Windsor à destination de Winnipeg, Saskatoon ou Edmonton serait de \$27, \$35 ou \$70 respectivement. Il en est de même pour les véhicules expédiés vers d'autres régions du Canada. Ainsi, pour une automobile envoyée d'Oakville à destination de Québec ou de Halifax, la diminution serait de \$24 et \$70 respectivement. La baisse moyenne des tarifs de fret est de 40% pour ces cinq exemples qui démontrent les avantages qui découleraient pour tout le Canada d'une telle initiative.

Ce système ne comporte aucune manœuvre. Le nouveau tarif est celui dont bénéficient déjà certains expéditeurs et il est, par conséquent, juste et logique qu'il soit généralisé.

Les courbes de tarifs peuvent être illustrées pour chacun des sept principaux types de matériel. Elles peuvent être également tracées pour les transports par rame, par train-bloc et par porte-automobiles.

L'égalité pour tous les expéditeurs... et la fin de la discrimination... peuvent être réalisées grâce à une méthode équitable de tarification, basée sur les coûts des services fournis... et conforme aux règles actuelles de la tarification des transports ferroviaires.

Examinons maintenant le rôle que le gouvernement fédéral pourrait jouer au sujet de la méthode d'établissement de tarifs équitables. Il est évident d'après les dérivées des courbes de tarification que le total des recettes des chemins de fer va baisser. Si l'on part du principe que, à l'heure actuelle, ces recettes suffisent simplement à couvrir les coûts totaux, avec, en plus, un intérêt raisonnable sur les investissements, la diminution ébranlerait évidemment la viabilité financière de nos chemins de fer. C'est là, à coup sûr, une éventualité qui n'est guère souhaitable... pour les chemins de fer, pour les expéditeurs et pour le Canada. Nous proposons donc que le gouvernement fédéral... couvre la différence entre les coûts ferroviaires et les recettes provenant de l'application d'une méthode de tarification équitable.

La Loi nationale de 1967 sur les transports stipule que chaque mode de transport doit, dans la mesure du possible, assumer une fraction raisonnable des coûts réels des ressources, des installations et des services qu'il assure grâce aux deniers publics. Toutefois, ... chaque mode de transport n'assume pas une fraction raisonnable. Les gouvernements investissent bien davantage dans les réseaux routiers, aériens et maritimes que dans les chemins de fer. Les gouvernements construisent des routes pour les camions. Ils installent des aérogares et des pistes pour les transports aériens, auxquels ils fournissent également les services de navigation et de météorologie. Ils entretiennent la majeure partie des canaux, des voies maritimes, des ports et des quais des voies navigables. Le président du Conseil des ports nationaux a estimé à près de trois milliards de

dollars les investissements du gouvernement fédéral dans l'infrastructure maritime. Les coûts annuels d'opération de ce réseau s'élèvent à 700 millions de dollars environ... Si l'on y inclut la provision de l'amortissement du capital, on constate que les décisions prises en matière de tarification reflètent bien l'aide que le gouvernement apporte aux différents modes de transport. Or, les chemins de fer ne bénéficient pas d'une aide analogue et ne sont pas, par conséquent, en mesure de concurrencer facilement les autres modes de transport.

Un fait illustre fort bien cette anomalie. Le gouvernement fédéral assume 80% des coûts de l'infrastructure des voies aériennes et fluviales, alors que l'aide fournie aux chemins de fer est inférieure à 20%. Cependant, les tarifs ferroviaires ne reflètent pratiquement pas l'aide financière reçue, parce que celle-ci est accordée pour la réalisation de projets particuliers d'intérêt public comme, par exemple, l'amélioration des passages à niveau.

Le gouvernement fédéral dispose, par conséquent, d'un sérieux précédent pour aider à la construction et à l'entretien des infrastructures ferroviaires. Il pourrait financer les frais fixes engagés pour les plates-formes du réseau ferroviaire national, ce qui aurait pour effet de transformer ces dernières en artères publiques tout en permettant d'atteindre deux objectifs. En premier lieu, il n'y aurait plus à tenir compte des frais généraux lors de la fixation des tarifs ferroviaires, grâce à quoi leur taux général serait ramené au niveau proposé par la technique d'établissement de tarifs équitables... sans mettre en péril la viabilité financière des chemins de fer.

En second lieu, cela modifierait la nature des lignes de chemins de fer, qui deviendraient ainsi des voies publiques de transport, à l'instar des voies aériennes et fluviales. Cela permettrait aux chemins de fer de faire la preuve de leur compétitivité, et à l'expéditeur, de négocier avec plusieurs transporteurs ferroviaires, voire même de faire circuler son propre train. Des milliers d'installations qui font double emploi pourraient être réunies. Une telle initiative comporterait des avantages considérables pour les clients, les expéditeurs et les chemins de fer.

Ce système a déjà fait ses preuves en ce qui concerne les transports aériens... où l'utilisation commune des installations est possible sur le plan pratique. Air Canada, CP Air et d'autres compagnies aériennes utilisent les mêmes installations. Si le système vaut pour les compagnies aériennes... il doit en être de même pour les chemins de fer.

La technique d'établissement de tarifs équitables prévoit plus que l'égalité entre les transporteurs. Elle permet de réaliser l'égalité entre tous les modes de transports. Elle reconnaît, en outre, que d'autres modes de transport reçoivent une aide financière importante du gouvernement et, à notre avis, elle est conforme à la Loi nationale sur les transports.

Passons maintenant à la troisième partie en cause dans cette uniformisation des tarifs: les chemins de fer. Quelles répercussions notre proposition aurait-elle sur eux? Les compagnies ont cité les motifs et les opinions exprimées

dans les rapports des Commissions royales d'enquête McPherson, Turgeon, Rowell-Sirois et dans divers manuels sur les transports. Elles soulignent que toutes ces sources sont d'accord... que du point de vue des chemins de fer... la discrimination tarifaire est une pratique nécessaire et justifiable qui permet de faire face aux frais fixes. Elles font, d'autre part, valoir que la loi ne condamne pas ces pratiques discriminatoires.

Jetons un coup d'œil sur les besoins des compagnies ferroviaires... Exprimés simplement, ce sont les suivants: que la totalité des revenus couvre la totalité des frais, avec, en plus, des intérêts raisonnables sur leurs placements. Les frais totaux comprennent une grande proportion de frais fixes. Il est du plus grand intérêt des compagnies en cause d'effectuer les transports qui leur permettent de rentrer dans ces frais généraux. C'est pourquoi la structure tarifaire comporte de nombreux taux qui couvrent uniquement les frais variables. Mais elle comprend également des taux qui dépassent largement les frais variables. C'est ce qui leur a permis de subsister sur le plan financier. Malheureusement, il en est résulté une très grande différence entre les tarifs, qui leur a beaucoup nui dans l'Ouest du Canada.

Nous croyons qu'il est possible de remédier à cette situation grâce à la technique d'établissement de tarifs équitables qui prévoit des tarifs égaux pour tous les expéditeurs. Celle-ci est conçue de façon à maintenir l'intégrité financière des chemins de fer en faisant assumer par le gouvernement fédéral une large part des frais fixes. Ce sont d'ailleurs eux qui ont entraîné la discrimination tarifaire entre les compagnies ferroviaires de l'Ouest, et, à notre avis, cette proposition mettra fin à cette situation.

Demandons-nous maintenant comment les compagnies ferroviaires réagiront à ce nouveau profil financier. Elles se prononceront évidemment elles-mêmes; toutefois, nous croyons qu'elles devraient bien accueillir cette idée. Nous avons tiré de la correspondance reçue des deux grandes compagnies ferroviaires le commentaire suivant: «Dans cette branche, l'élément le plus important des frais généraux est la voie, que les chemins de fer construisent à leurs frais. Dans le cas des autres transporteurs-camionneurs, transporteurs aériens et maritimes, ce genre d'infrastructure est financé par des fonds publics. Ces transporteurs paient donc pour l'utilisation de leurs installations, à des degrés divers, grâce aux tarifs qu'ils imposent aux usagers. Les frais d'infrastructure représentent donc pour ces derniers des coûts variables, qui leur permettent de faire concurrence aux chemins de fer.» Il est certain que cette déclaration va tout à fait dans le sens de la technique d'établissement de tarifs équitables grâce à laquelle le fardeau que représentent ces frais généraux énormes serait diminué si l'on plaçait les compagnies de chemins de fer sur un pied d'égalité avec les autres modes de transport.

Un autre point mérite d'être souligné. A l'heure actuelle, les décisions des compagnies en matière de tarifs déterminent, dans une large mesure, le lieu où s'implanteront les industries... lesquelles peuvent croître et prospérer... lesquelles ne le peuvent pas.

Au cours de la réunion des premiers ministres de l'Ouest et des représentants des compagnies de chemins de fer, qui a eu lieu le 30 mars dernier, à Winnipeg, ces derniers ont reconnu que leurs décisions influent sur l'implantation des industries. Ils ont mentionné que l'établissement des tarifs comporte des jugements subjectifs... concernant la contribution que chaque transport devra apporter aux frais généraux. Ils ont précisé qu'ils ne comprenaient pas pourquoi cette responsabilité devrait être confiée au gouvernement... Une question se pose donc: convient-il de donner aux compagnies de chemins de fer ce pouvoir d'influer sur la répartition de l'activité économique? Celui-ci ne devrait-il pas plutôt appartenir à la population canadienne et dépendre du jeu de l'offre et de la demande sur le marché?

Nous avons expliqué de quelle manière la technique d'établissement de tarifs équitables profitera aux consommateurs et aux expéditeurs du Canada entier. Nous avons précisé le rôle du gouvernement fédéral. Et maintenant, comment mettre en vigueur, administrer et contrôler la technique? L'organisme d'évaluation des transports de l'Ouest dont les premiers ministres ont proposé la création, et ses contre-parties des autres régions pourraient constituer la réponse à cette question.

En résumé, notre proposition

- repose sur les coûts des services;
- est conforme aux pratiques d'établissement des coûts présentement en vigueur chez les transporteurs;
- reconnaît que les usagers des transports autres que les chemins de fer ont reçu... et continueront à recevoir... une aide financière importante des divers paliers de gouvernement;
- est conforme aux déclarations de principe que contient la Loi nationale de 1967 sur les transports;
- maintient les tarifs établis;

- constituerait un bon début de solution aux problèmes spécifiques que décrit le document des provinces de l'Ouest... c'est-à-dire
- les problèmes que soulève l'inégalité des contributions du gouvernement fédéral aux coûts fixes des divers moyens de transport;
- la perte de l'activité manufacturière due à la différence qui existe entre les tarifs ferroviaires applicables aux produits finis et ceux qui sont applicables aux matières premières;
- le manque général de groupements de tarifs ferroviaires dans l'Ouest du Canada qui nuit au développement rural;
- les injustices des augmentations uniformes du taux et de la discrimination des transports sur de longues et de courtes distances;
- et
- les difficultés qu'entraîne l'abandon des chemins de fer.

Il faudra étudier davantage les effets que cette technique pour en démontrer tous les avantages. Mais il n'y a pas lieu d'instituer une autre commission royale d'enquête à cette fin.

Aujourd'hui, nous avons défini un nouveau système, système qui:

- maintenant le réseau national de chemins de fer;
- permet aux facteurs économiques du marché de déterminer quel développement industriel aura lieu;
- et
- supprimerait, s'il était adopté, une vieille injustice à l'égard de l'Ouest du Canada.

Monsieur le Premier ministre, nous aimerions que votre gouvernement se prononce au cours de cette conférence sur le principe que nous avons énoncé.

TRANSPORTS

DÉCLARATION DU PREMIER MINISTRE LOUGHEED

Lorsque nous avons étudié la question des transports, hier soir, mes collègues des autres provinces m'ont demandé d'énoncer notre position en ce qui a trait à la première proposition présentée dans notre document de principes.

A notre avis, les tarifs-marchandises qui défavorisent actuellement l'Ouest constituent l'obstacle le plus considérable à la mise en valeur de toutes les ressources de cette partie du Canada.

Comme la Loi nationale sur les transports est à l'origine de cette situation, nous demandons qu'elle soit modifiée.

Nous croyons que le gouvernement fédéral convient avec nous qu'il faut mettre un terme à la discrimination découlant des tarifs-marchandises; d'ailleurs, il nous semble bien qu'il nous a promis d'agir dans ce sens.

A notre avis, la meilleure façon pour le gouvernement de remplir sa promesse est encore de modifier la déclaration de principes que comporte la loi actuelle, déclaration qui n'a pas donné les résultats attendus, et de la remplacer par un engagement explicite à promouvoir l'expansion régionale.

Si le gouvernement fédéral juge que cet engagement doit stipuler qu'aucune région du pays ne sera favorisée au détriment d'une autre en matière de transports, nous n'y voyons aucune objection.

Cette situation pourrait même avoir ses avantages, étant donné que, selon nous, la loi, dans sa forme actuelle, favorise certaines régions du Canada comme, par exemple, celles qui sont desservies par la voie maritime du Saint-Laurent.

NOTES POUR UN DISCOURS DE L'HONORABLE DONALD S. MACDONALD MINISTRE DE L'ÉNERGIE, DES MINES ET DES RESSOURCES

Il est normal d'ouvrir les débats sur le développement industriel et commercial dans l'Ouest du Canada en traitant en premier lieu du développement des ressources minérales. Sur le plan historique, en effet, l'exploitation de ces ressources a joué un rôle de premier ordre dans le peuplement et le développement économique de la région. Il est évident que cette activité conservera son importance dans le futur. Toutefois, l'Ouest du Canada cherche maintenant à faire davantage profiter ses habitants des bénéfices de l'exploitation des ressources.

La diversification des industries pourrait se faire si une part plus grande des ressources de la région était transformée dans les quatre provinces. L'extraction du minerai est source de richesse, mais son raffinage et sa transformation, tout en créant plus d'emplois directs, permettent de mieux utiliser les compétences et de recourir à un éventail plus large de talents. L'exploitation des ressources multiplie toujours les emplois en développant les industries secondaires et de services, et c'est notre objectif: qu'il en soit ainsi le plus possible dans la région d'où viennent les ressources.

Quoi que les ressources qui sont dans le territoire de la province productrice appartiennent essentiellement à cette dernière, le gouvernement du Canada, a joué un rôle important en aidant le développement par l'exercice de ses attributions. L'une d'elles, qui est d'une extrême importance, a été de fournir les renseignements de base pour la découverte et l'exploitation des ressources.

Les objectifs essentiels pour le développement des ressources minérales ont été définis au printemps lorsqu'un document intitulé «Objectifs d'une politique minérale pour le Canada» a été publié en commun par les ministres fédéral et provinciaux responsables de ce secteur. Ce document a marqué le début du développement d'une politique commune par les onze gouvernements, et les responsables mettent au point les mécanismes nécessaires à la tenue d'autres consultations.

Mon ministère participe à des activités qui englobent tout le secteur de l'exploitation des ressources, depuis la cartographie et la géologie, la recherche sur la métallurgie et les combustibles, jusqu'à l'analyse économique. Notre expérience dans tous ces domaines nous a permis de constater qu'il faut accroître la connaissance que nous avons de l'inventaire des ressources de notre vaste pays. Les politiques en matière de ressources ne seront jamais tout à fait adéquates tant qu'elles ne seront pas fondées sur une connaissance plus profonde de ce qui est disponible, et plus tard, de ce qui pourra être extrait, quand, à quelles conditions et à quel prix. Il existe encore plusieurs vastes régions canadiennes à propos desquelles nos connaissances ne satisfont pas à ce critère. L'étendue de ces régions et la complexité des problèmes à résoudre portent à croire que ni le gouvernement fédéral, ni les gouvernements provinciaux, s'ils agissaient seuls, ne pourraient satisfaire aux aspirations des Canadiens. Le système fédéral et l'am-

pleur de la tâche (et son coût) exigent une approche conjointe.

Mes propositions se divisent en trois catégories principales: celles qui amélioreront notre connaissance des ressources dans l'Ouest; celles qui visent la recherche et le développement, afin que nous puissions utiliser nos ressources plus efficacement; et celles qui nous permettront de mieux évaluer et contrôler les résultats de l'exploitation des ressources.

Au niveau le plus élémentaire, il nous faut améliorer la qualité et la quantité des données disponibles sur les réserves de ressources non renouvelables dans l'Ouest. A cette fin, je propose la création d'un Programme d'évaluation des ressources non renouvelables.

Si l'on convient d'accepter ce programme, je conçois qu'il sera exécuté en diverses étapes. La première consistera en une discussion sur les domaines à propos desquels il nous faut plus de renseignements, et sur les méthodes à utiliser pour les obtenir. Puis il nous faudrait rassembler et examiner les données existantes et identifier les lacunes. Finalement, il faudra combler ces lacunes en commençant par un programme conjoint de géologie d'exploration. J'ose espérer que les discussions entre les gouvernements intéressés pourront commencer presque immédiatement, en vue d'établir une base aux travaux. Je propose ensuite que le programme commence le plus tôt possible, province par province. Le gouvernement du Manitoba, en particulier, a manifesté son intérêt à l'égard des programmes conjoints comme celui que j'ai proposé, aussi j'espère qu'il pourra commencer dans cette province.

Nous savons que les marchés du charbon, au Canada et à l'étranger, prendront de l'expansion. Nous avons une idée générale de l'importance des réserves de l'Alberta. Mais il nous faut connaître beaucoup plus précisément l'ampleur de ces réserves, les conditions dans lesquelles l'extraction serait réalisable sur le plan technique, acceptable en ce qui a trait à l'environnement, et économiquement justifiable. Nous avons eu des entretiens préliminaires avec le gouvernement de l'Alberta au sujet de l'établissement d'un Programme d'évaluation des ressources en charbon de l'Alberta, et je veux officiellement proposer la création d'un tel programme qui serait financé conjointement par les gouvernements du Canada et de l'Alberta.

Je suis d'avis, je l'ai déjà dit, que la politique minérale devrait être élaborée de façon à refléter la diversité des gisements miniers et les besoins particuliers de différentes régions. Certaines de celles-ci, en effet, méritent une attention particulière et une activité plus intense.

Le nord-ouest de la Colombie-Britannique est une région particulièrement prometteuse, et pourtant, malgré les avantages évidents qu'elle présente, on n'en est qu'aux premières étapes de l'exploitation. Nos entretiens avec le gouvernement de la province ont montré que, pour lui, ces régions sont prioritaires, et qu'il accueillerait volontiers

une participation fédérale à des programmes visant à identifier les gisements prometteurs de minéraux et à étudier les débouchés commerciaux.

L'avenir de la région s'annonce encore mieux à la suite de l'accord signé lundi à Vancouver entre mon collègue, le ministre des Transports, et le premier ministre de la Colombie-Britannique.

Cet accord permettra de consacrer 325 millions de dollars à l'agrandissement du port de Prince Rupert et au prolongement des réseaux du Canadien National et des chemins de fer de la Colombie-Britannique jusqu'aux gisements du nord de la province.

Je propose donc que mon ministère et celui de l'Expansion économique régionale, ainsi que le gouvernement de la Colombie-Britannique, concluent un accord de mise en valeur des minéraux dans la région que j'ai mentionnée. L'entente pourrait prévoir des études géologiques et des travaux de cartographie, des projets sur les différents métaux de base, la construction de voies d'accès, et la planification des ressources à l'échelle régionale. Elle pourrait viser à la rationalisation des priorités, et assurer que l'exploitation des ressources se fasse en fonction des objectifs sociaux et autres.

Les besoins sont semblables dans le nord de la Saskatchewan, particulièrement riche en minerais d'uranium, de nickel et en calcaire. Une exploitation planifiée de ces ressources permettrait de réduire les problèmes économiques et sociaux, particulièrement pressants dans la région.

Je propose donc également la conclusion d'un accord semblable avec le gouvernement de la Saskatchewan.

L'Ouest canadien a de plus en plus besoin d'acier et des nouvelles sources de minerai de fer seront bientôt nécessaires pour satisfaire aux prévisions de la demande.

Je propose donc que mon ministère participe avec d'autres à un plan en trois parties qui comprendrait: un programme d'exploration et d'évaluation pour mieux connaître l'étendue des gisements de minerai de fer exploitables dans l'Ouest, une étude de rentabilité des coûts de transport du minerai de fer des lieux d'exploitation jusqu'à un endroit de l'Ouest où serait éventuellement construite une usine de réduction du minerai, et des recherches techniques sur les processus de réduction des minerais de l'Ouest.

Avant de laisser le sujet général de l'évaluation des ressources, j'aimerais mentionner les projets de mon ministère relatifs à l'expansion de ses activités en Colombie-Britannique. La Commission géologique du Canada possède un bureau à Vancouver, dont le personnel scientifique est spécialisé en géologie marine et dans la géologie de la Cordillère et de l'environnement. Nous avons l'intention d'augmenter considérablement le personnel et de le faire collaborer étroitement avec le ministère de l'Environnement, qui envisage la construction d'un nouveau centre à Patricia Bay, afin d'établir un programme coordonné d'étude des ressources marines de la côte du Pacifique. L'intensification des travaux a pour but d'améliorer nos connaissances sur les ressources du fond de la mer et de contribuer à l'exploitation sûre de ces ressources.

Le Canada a le double avantage d'avoir une expérience considérable dans l'exploitation des ressources et de posséder d'immenses réserves sur lesquelles les industries actuelles peuvent compter pour progresser. Parfois, même nos atouts peuvent nous causer des ennuis en raison de l'immensité de la tâche dont il faut nous acquitter pour en profiter. La région de l'Athabasca, en Alberta, constitue un exemple à cet égard. Ses sables bitumineux renferment l'un des gisements les plus riches du monde. Pourtant, si l'Alberta, l'Ouest et l'ensemble du Canada entendent en tirer profit, il faudrait mettre au point la technologie requise pour extraire de façon sûre et rentable les immenses réserves qui sont présentement inaccessibles. Il en coûtera extrêmement cher. C'est pourquoi je suis d'avis que l'approche la plus rationnelle pour résoudre les problèmes considérables qui se présentent réside dans la collaboration entre les gouvernements de l'Alberta et du Canada et l'industrie pétrolière. Nous sommes prêts à entreprendre des discussions avec le gouvernement de l'Alberta en vue d'étudier les possibilités de collaboration.

Le ministre des Mines et de l'Énergie de l'Alberta a déjà fait mention publiquement de la création d'un Institut des ressources énergétiques à l'Université de Calgary.

Je souhaite annoncer que le gouvernement du Canada accordera une somme de \$125,000 par année durant une période initiale de cinq ans pour contribuer à la mise sur pied de cet institut qui sera une entreprise conjointe

ANNEXE

Prévisions de la production canadienne de six minéraux importants

	Production			Croissance annuelle moyenne	
	1970	1980	2000	1970-1980	1980-2000
(en milliers de tonnes)					
Nickel.....	308	400	600	2.5%	2.0%
Cuivre.....	674	1,200	2,300	5.9	3.3
Plomb.....	383	470	700	2.2	2.0
Zinc.....	1,211	1,880	3,000	3.8	2.5
Fer.....	53,900	88,000	150,000	5.4	2.7
Potasse.....	3,424	7,300	23,430	7.5	6.0

parrainée par les gouvernements du Canada et de l'Alberta, l'industrie pétrolière et les industries connexes ainsi que l'Université de Calgary.

Le but de cet institut sera d'effectuer des recherches et des analyses portant sur des questions fondamentales d'exploitation de l'énergie, et il contribuera considérablement à renforcer le rôle de Calgary comme centre énergétique de première importance.

J'ai exposé quelques domaines que nous estimons prioritaires pour atteindre notre objectif qui est le développement économique de l'Ouest. J'espère que nos entretiens d'aujourd'hui—et nos consultations futures—nous permettront d'approfondir ces idées et d'identifier d'autres domaines où un effort de collaboration peut contribuer à la réalisation de notre objectif, à savoir le renforcement de l'Ouest canadien, et partant du Canada tout entier.

DÉCLARATION DE L'HONORABLE ALASTAIR GILLLESPIE MINISTRE DE L'INDUSTRIE ET DU COMMERCE

Calgary, le 25 juillet 1973

PROGRAMMES DE DÉVELOPPEMENT DE L'INDUSTRIE ET DU COMMERCE DE L'OUEST

Monsieur le président, notre document de fond fournit des détails sur ce que nous avons fait et sur ce que nous ferons pour aider l'industrie et le développement du commerce de l'Ouest. Je crois que nos programmes sont bien appropriés. Je crois également qu'ils peuvent répondre encore mieux aux besoins de l'industrie de l'Ouest. Pour le moment, j'aimerais mentionner brièvement quelques aspects du sujet que, je l'espère, nous pourrions discuter davantage cet avant-midi.

I) Stratégies industrielles pour le Canada, et leur application à l'Ouest

Nous avons discuté de la question de la stratégie industrielle à la réunion fédérale-provinciale des premiers ministres, et à celle des ministres de l'Industrie. Comme vous le savez, nous consacrons nos efforts à des objectifs nationaux de développement de l'industrie canadienne, au moyen d'un ensemble cohérent de politiques industrielles et de stratégies spécialement conçues à l'intention de secteurs particuliers de l'industrie. Nous avons l'intention de travailler en collaboration avec les industries et les gouvernements provinciaux afin d'élaborer ces stratégies particulières. Sans trop entrer dans les détails, je crois qu'une reformulation des six objectifs essentiels a tout à fait sa place ici, étant donné que nous nous penchons sur l'activité industrielle future des provinces de l'Ouest.

Deux de ces objectifs comprennent:

1) le développement d'une industrie manufacturière et de transformation qui soit efficace et concurrentielle sur le plan international de telle sorte qu'elle puisse faire face à la compétition, au Canada et à l'étranger;

2) la transformation de nos ressources naturelles, avant l'exportation, afin que le Canada puisse en bénéficier le plus possible.

L'importance que nous attachons à ces deux objectifs est illustrée par les récentes réductions de taxes destinées à favoriser le développement de l'activité manufacturière et de transformation et par l'ensemble des programmes des ministères, presque tous conçus pour rendre nos industries

du secteur secondaire concurrentielles sur le plan international. Nous croyons que cet encouragement et cette aide du gouvernement sauront accroître de beaucoup la capacité des industries de l'Ouest à se développer et à améliorer leur position concurrentielle.

Une grande partie de nos richesses naturelles sont dans l'Ouest. Les gens de l'Ouest, comme la plupart des Canadiens, ont raison de se plaindre qu'ils ne transforment que trop peu leurs propres richesses naturelles chez eux. Une plus grande transformation de nos ressources naturelles avant l'exportation signifierait pour tous les Canadiens des bénéfices directs-emplois plus nombreux et mieux rémunérés: ce qui signifie qu'il nous faut aller au-delà de la coupe du bois et de l'extraction du minerai, et qu'il faut traiter davantage nos produits agricoles et nos produits de la pêche. Une transformation plus importante de nos ressources, dans les domaines où nous pouvons être compétitifs, fournirait également une base d'intégration plus poussée en ce qui a trait aux produits finis.

Le document portant sur la transformation des ressources pour l'exportation explique plus précisément notre pensée en ce domaine.

Les provinces partagent avec le gouvernement fédéral la responsabilité de la mise au point d'une politique réaliste de valorisation des ressources. Un certain travail a été accompli, mais je les invite aujourd'hui à entamer des discussions conjointes visant à trouver les meilleurs moyens de s'assurer que les Canadiens profitent plus de leurs richesses naturelles qu'ils n'en profitent en coupant du bois, en extrayant du minerai ou en faisant la récolte. Les Canadiens doivent tirer meilleur bénéfice des richesses dont la nature nous fait profiter.

D'autres objectifs industriels seraient:

3) de faire en sorte que nous puissions contrôler davantage notre économie, de créer des conditions menant au développement accentué de l'esprit d'entreprise des Canadiens, au Canada et à l'étranger.

Les provinces de l'Ouest connaissent bien les initiatives fédérales en ce domaine, y compris le Bill C-132 présente-

ment au comité de la Chambre. Ce que nous devons concilier, c'est le besoin des Canadiens de participer davantage à leur propre économie et de la mieux contrôler, et notre continuel besoin de profiter des capitaux, de la technologie et de la compétence administrative de l'étranger. Je crois que l'agence d'enquête proposée, avec ses tests de «bénéfice significatif», atteint ces buts.

L'agence de révision des investissements étrangers, telle que proposée par le Bill C-132, est un instrument de politique industrielle nationale. Mais, tout en devant être nationale, cette politique n'en rend pas moins essentielles les consultations et la coopération avec les provinces en ce domaine. Nous reconnaissons que les provinces ont des besoins différents en matière d'investissements. Nous offrons, au moyen de la loi, une voix, mais non un veto, au chapitre de l'agence d'enquête proposée. Je souhaiterais que nous discutons davantage de cet important sujet aujourd'hui.

4) d'accroître le revenu national et d'encourager l'expansion économique régionale qui réduira les disparités régionales.

Les efforts du Fédéral en matière d'expansion industrielle, pleinement coordonnés avec les efforts provinciaux, devraient contribuer puissamment à l'atteinte de ces objectifs. M. Jamieson en aura certainement plus à dire en ce domaine.

5) d'atteindre les niveaux maxima d'emploi possibles afin d'assurer des débouchés sur le marché du travail aux Canadiens, maintenant et plus tard.

Nous pourrions discuter des types d'industrie et d'activités capables de fournir le plus d'emplois possibles à la population croissante de l'Ouest.

6) de contribuer à l'amélioration de la qualité de la vie, partout au Canada, en créant des emplois satisfaisants pour les Canadiens en en réduisant les effets néfastes de l'activité industrielle sur l'environnement naturel et social. Que l'activité industrielle doive s'effectuer en harmonie avec ce qui l'entoure, gens ou contexte naturel, nous en convenons tous et nous devons nous en rappeler en préparant le développement industriel futur de l'Ouest.

II) Un ensemble cohérent de politiques industrielles

Évidemment, la poursuite de ces objectifs nécessite un ensemble cohérent de politiques industrielles. Afin d'obtenir une telle cohérence, nous devons travailler ensemble aussi bien qu'au sein de nos gouvernements respectifs. Nos objectifs industriels peuvent être atteints au moyen d'un certain nombre de mesures comme notre politique en matière de taxation, nos politiques commerciales et tarifaires, nos mesures de soutien à l'industrie, notre politique concurrentielle, notre politique de la main-d'œuvre, notre politique en matière de développement régional, notre politique en matière d'investissement étranger, notre politique dans le domaine des ressources minérales et énergétiques, notre politique des transports, des communications et de l'environnement.

Prenons comme exemple deux politiques industrielles: nos politiques commerciales et tarifaires, et notre politique d'appui à l'industrie.

A) Politiques commerciales et tarifaires

Ces politiques ont réussi à encourager le développement économique de toutes les régions du Canada, y compris celui des provinces de l'Ouest. Cette année, les exportations canadiennes vers tous les marchés sont en hausse de 25%. Les exportations vers les principaux pays de la zone du Pacifique, Chine, Japon et Australie, ont augmenté de 63%. Les effets positifs des politiques commerciales fédérales se traduisent par l'augmentation et par la diversification du commerce extérieur de l'Ouest du Canada.

Cependant, nous devons prendre d'importantes décisions en ce domaine prochainement. Les négociations commerciales multilatérales du GATT débiteront probablement l'an prochain. Les négociations porteront aussi bien sur les produits agricoles que sur les produits industriels. Nous espérons qu'il en résultera des décisions bénéfiques pour les agriculteurs de l'Ouest, par exemple pour ce qui est des grains, des oléagineux et du bétail. Nous nous attendons en outre à ce que la réduction des barrières tarifaires et non tarifaires à nos exportations de produits finis et transformés fera complément à nos objectifs de valorisation de nos richesses par la transformation sur place, auxquels je faisais allusion plus haut.

J'ai entendu plus d'un porte-parole de l'Ouest réclamer le libre-échange avec les États-Unis, sur une base bilatérale. Je suis d'avis que notre approche de cette question en soit une qui favorise des échanges plus libéralisés sur une base multilatérale. Ces négociations devraient avoir pour effet un meilleur accès des produits canadiens non seulement au marché américain, mais aussi aux autres importants marchés, ceux du Japon et de la nouvelle CEE, par exemple.

L'une des techniques que nous songeons à employer est la négociation, au sein du GATT, du libre commerce dans les secteurs des produits intégrés verticalement; par exemple, du minerai aux métaux finis. Ceci comprendrait, par exemple, le minerai de base, le concentré de minerai, le minerai fondu, le minerai raffiné et le métal fini—toutes les étapes de la transformation.

J'ai annoncé que nous mettrons sur pied le Comité canadien des échanges et des tarifs, plus tard cette année, afin de recueillir les vues de tous les intéressés. En raison de l'importance de ces négociations pour l'Ouest du Canada, aussi bien que pour les autres régions, des consultations fédérales-provinciales plus directes sont nécessaires. J'ai déjà écrit aux ministres provinciaux de l'Industrie suggérant l'établissement d'arrangements formels de consultations. Vos suggestions sont les bienvenues en ce domaine.

B) Politiques de soutien à l'industrie

Les politiques de soutien à l'industrie constituent un autre excellent moyen, pour le gouvernement, d'aider le développement industriel de l'Ouest. Elles comprennent les programmes, comme ceux de mon ministère, qui ont pour objet d'encourager une meilleure productivité, le développement des marchés d'exportation, la rationalisation, la recherche et le développement.

Ces programmes s'adressent principalement à nos industries manufacturière et de transformation. Les indus-

tries de type secondaire de l'Ouest ont bénéficié de ces programmes, et en bénéficieront même davantage en se développant. L'industrie manufacturière de l'Ouest s'est développée plus rapidement que la moyenne nationale, mais continue à ne constituer que moins de 17% de l'industrie manufacturière canadienne.

Je sais que l'on s'est plaint que plus de 80% des dépenses effectuées dans le cadre des programmes de mon ministère l'ont été au bénéfice des provinces centrales. C'est à peu près exact. Cependant, plus de 80% de l'industrie manufacturière canadienne est située en Ontario et au Québec. Comme plus d'industries du genre s'établissent et se développent dans l'Ouest, nos programmes aideront encore plus l'Ouest. Les fonds dont disposent ces programmes ne sont pas alloués selon des critères géographiques. Nous répondons à toutes les propositions raisonnables, et, si les hommes d'affaires de l'Ouest nous présentent plus de demandes, ils obtiendront plus d'aide.

Le ministère de l'Industrie et du Commerce aimerait voir une expansion soutenue des industries de type secondaire de l'Ouest, tant en volume qu'en pourcentage de l'ensemble national. Nous aimerions avoir l'occasion d'utiliser davantage nos programmes d'aide et de marketing dans l'Ouest. J'aimerais que nous puissions discuter plus longuement à ce sujet.

Un domaine, évidemment, auquel nous devons apporter une attention toute spéciale, c'est celui de la création et du développement des petites entreprises.

III) La petite entreprise de l'Ouest

Plus tôt ce mois-ci, j'ai fait part de notre intention de créer une société de la Couronne indépendante, la Banque industrielle et l'Agence de développement, qui mettrait à la disposition des dirigeants des petites entreprises du Canada des nouveaux services intégrés comprenant: des renseignements sur l'aide disponible, en provenance des secteurs public ou privé; des services de conseils en administration lorsque nécessaire; le financement dont ils ont besoin en cas d'impossibilité à en obtenir ailleurs à des termes et conditions raisonnables.

La création et le développement de la petite entreprise est essentielle au développement commercial et industriel futur de l'Ouest. Évidemment, plusieurs futures grandes entreprises sont présentement de petites affaires. Le document de fond décrit la BIAD en détail, mais j'aimerais souligner un point: l'autonomie régionale de cet organisme.

Comme vous le savez, la BIAD sera créée à partir des possibilités de la Banque d'expansion industrielle et de ses 54 succursales. Elle ne sera pas un simple secteur de la Banque centrale. Elle aura son propre conseil d'administration, ses comités consultatifs régionaux, et le ministre de l'Industrie et du Commerce en répondra en Chambre.

Je pourrais souligner, en passant, que si la BEI a parfois été critiquée, elle n'en a pas moins bien servi le Canada. L'an passé, plus de 45% de son activité s'est exercée au profit de l'Ouest, dont 39% en Colombie-Britannique. Certains pourraient prétendre que ces chiffres témoignent des lacunes de nos autres institutions

financières, mais je préfère penser qu'ils démontrent que nous continuerons à nous occuper des besoins de l'Ouest au moyen de la BIAD. Le fait que 97% des décisions de la BEI soient prises dans les régions concernées, plutôt qu'au siège central, témoigne de notre politique de décentralisation. En outre, 99% des entreprises avec lesquelles la BEI fait affaire sont canadiennes. Ces chiffres démontrent que la BIAD s'occupera, sur une base régionale, des besoins des chefs de petites entreprises de l'Ouest.

Aux services de financement de la BDI s'ajouteront des services de renseignements et de conseils en administration, y compris le programme très réussi du «CASE». Il faudra plusieurs mois pour mettre au point la législation créant la BIAD, mais le programme «CASE» sera immédiatement disponible. Au projet pilote de Winnipeg s'ajouteront les programmes «CASE» dans les régions de Regina et de Vancouver, et en Alberta.

IV) Décentralisation

La BIAD proposée prêterait assistance dans la région même de l'entreprise déjà existante ou en voie d'édification.

Cependant, nous nous efforcerons au sein de mon ministère, de mettre nos autres formes d'aide à meilleure portée des hommes d'affaires de l'Ouest. Une façon de le faire est la poursuite de l'amélioration de nos bureaux régionaux. Une autre importante manière est de faire en sorte que nos fonctionnaires régionaux jouissent d'une plus grande autonomie de décision, lorsqu'il s'agit de déterminer si des demandes provenant de leurs régions respectives seront acceptées.

Mon ministère a maintenant l'intention d'administrer un certain nombre de programmes sur une base régionale; par exemple, les programmes de subventions à l'innovation industrielle, au développement du commerce, à l'amélioration de la productivité et à l'amélioration du design industriel.

Comme première mesure, j'ai donné instruction d'autoriser nos représentants régionaux à formuler les recommandations finales concernant les demandes de moins de \$200,000 dans le cadre de notre programme d'avancement de la technologie industrielle.

Comme vous le savez, le programme «PAIT» nous permet d'accorder des subventions à l'industrie canadienne pour le développement d'un nouveau produit ou de nouvelles méthodes de fabrication qui semblent avoir de bonnes possibilités commerciales. Au cours des cinq dernières années, nous avons mis à la disposition de sociétés de l'Ouest plus de \$13 millions, par le truchement de «PAIT»; ces \$13 millions sont une partie des \$47 millions consacrés à nos programmes d'aide à l'industrie, dans l'Ouest, au cours de cette période. Au moyen de ces nouvelles dispositions, nous avons l'intention de rendre «PAIT», et nos autres programmes, substantiellement plus appropriés aux besoins des manufacturiers de l'Ouest.

Des bureaux régionaux plus importants et décentralisés, où les renseignements sur ce qui est offert peuvent être fournis abondamment et où l'on peut décider ce qui peut être dépensé, sont des innovations qui devraient aider considérablement à développer davantage l'industrie dans

l'Ouest. Un exemple de l'intensification de nos activités régionales, c'est que chacun de nos bureaux régionaux, dans l'Ouest, auront des spécialistes en tourisme; ils collaboreront avec les autorités provinciales afin de développer au maximum le tourisme dans l'Ouest.

V) Centres de connaissances

De plus, nous aidons au financement de centres de connaissances en affaires et en technologie.

La création de nouveaux centres de connaissances dans des champs spécialisés de la recherche, comme l'océanographie, l'utilisation du soufre, le traitement des aliments, est en cours, ou à l'étude.

Nous mettrons plus d'emphasis sur les études internationales visant à développer l'application industrielle de découvertes scientifiques et techniques, ce qui devrait profiter à l'Ouest dans des domaines tels que ceux des habitations transportables, de l'équipement de moulins de pulpe et papier, et l'équipement océanographique.

Les écoles commerciales et d'administration de l'Ouest obtiendront davantage d'aide. Un nouveau centre de développement des études universitaires en affaires internationales, sera mis sur pied à l'Université de la Colombie-Britannique, et un institut de conseil en administration sera établi dans une des écoles commerciales de l'Alberta, cette année. Des négociations en vue de la création d'un centre de l'industrie minière sont en cours avec le Conseil

de recherche de la Saskatchewan. L'établissement d'un institut de recherche industrielle à l'Université du Manitoba en est à la phase finale d'approbation.

Conclusion

Monsieur le président, qu'il me soit permis de dire, en guise de conclusion, que la responsabilité première et principale de mon ministère est d'aider au développement industriel et commercial, partout au Canada.

Nous étudions le plus soigneusement possible la manière de mieux aider l'Ouest, et la façon d'être plus sensibilisés encore à ses besoins. Nos précédentes consultations nous ont permis de nous mettre d'accord sur quatre points essentiels à un meilleur service. Nous appuierons plus fortement l'industrialisation de l'Ouest. Nous continuerons à mettre au point de nouveaux programmes destinés à encourager les «centres d'excellence» qui profitent des possibilités économiques de régions particulières de l'Ouest. Nous continuerons à encourager les prises de décisions sur place, dans le cadre des programmes de mon ministère. Et enfin, nous continuerons à améliorer les mécanismes de consultations avec les provinces, sur de nouveaux programmes et de nouvelles politiques.

Monsieur le président, mon ministère a des méthodes d'aide au développement industriel et commercial de l'Ouest. Je crois que nous sommes sur la bonne voie. J'accueillerai avec joie des commentaires et des suggestions de la part des provinces.

DÉCLARATION DU MINISTRE DES FINANCES, L'HONORABLE JOHN N. TURNER, SUR LES TARIFS ET LES PROVINCES DE L'OUEST

L'exposé de principe présenté par les provinces de l'Ouest sur les politiques tarifaire et commerciale n'avance pas des arguments nouveaux lorsqu'il traite du coût de ces politiques pour la région. Les porte-parole de l'Ouest ont souvent fait remarquer que, pendant longtemps, en raison de la protection tarifaire, cette partie du pays a dû payer plus cher les marchandises qu'elle achetait tout en ne tirant de cette situation que peu d'avantages au point de vue emploi et développement économique.

On nous a souvent répété que, depuis le début de la Confédération, ou depuis l'établissement des tarifs élevés de la politique nationale de 1879, l'Ouest a effectivement payé une redevance au reste du Canada, à cause des politiques tarifaire et commerciale. Je crois qu'il ne faudrait pas oublier qu'aujourd'hui la situation est bien différente d'il y a 100 ans. Au début, le tarif douanier représentait la principale source de revenus pour le gouvernement. Ces revenus ont contribué pour une bonne part à défrayer les dépenses engagées par le gouvernement fédéral pour ouvrir et développer l'Ouest, par exemple, en construisant un réseau national de transports.

En réalité, ce qui importe plus, c'est l'évolution ultérieure des politiques tarifaire et commerciale canadiennes, et leur signification pour l'Ouest d'aujourd'hui.

On a beaucoup parlé du coût apparent de la protection imposée aux consommateurs canadiens par le tarif et les autres politiques commerciales. Le tarif tend, effectivement, à faire augmenter les prix à la consommation dans toutes les régions du Canada, mais il est difficile de calculer un montant exact. Honnêtement, je ne suis pas absolument certain qu'il existe une méthode de calcul qui puisse donner des résultats précis. Il serait déjà assez difficile de calculer ce que l'ensemble des consommateurs canadiens paient en plus pour les marchandises protégées par le tarif. Mais je crois qu'il serait encore plus complexe de chiffrer, avec une approximation acceptable, ce coût pour des régions particulières du pays. De plus, quel qu'en soit le montant pour une période donnée, il change continuellement. Les taux tarifaires ont considérablement diminué avec le temps, et cette tendance, à cause, surtout, des négociations commerciales multilatérales, ne pourra que continuer.

Il est inutile de s'embarquer dans une discussion générale sur le coût de la protection et dans des chiffres que beaucoup seraient prêts à contester. Il serait bien plus constructif, je pense, d'orienter la discussion sur l'aide concrète que les politiques tarifaire et commerciale du

pays apportent à l'Ouest et sur la façon dont on pourrait les modifier pour qu'elles facilitent la réalisation des objectifs que nous avons fixés pour l'Ouest.

La politique tarifaire canadienne tient compte depuis longtemps des intérêts et de la force concurrentielle des producteurs de l'Ouest. L'un des objectifs principaux de la politique fédérale a été de favoriser la croissance et l'expansion des industries agricoles, forestières et autres qui se fondent sur les ressources de l'Ouest. On a d'abord négocié l'augmentation des débouchés sur les marchés étrangers, en particulier le marché américain, pour un grand nombre de produits importants pour les producteurs de l'Ouest. Lors des négociations du Kennedy Round, par exemple, nous avons réussi à obtenir que soient éliminés ou réduits de façon considérable les droits américains sur les produits qui intéressent l'Ouest, notamment le bois de charpente, les produits manufacturés en bois, le papier et le carton, les produits de la pêche, certaines graines de provende, le porc frais et congelé, les pommes et certains métaux. Le Canada n'a, évidemment, pu obtenir ces concessions qu'en échange d'un engagement à réduire ses droits sur une grande variété de produits. On estime que par suite des ententes intervenues lors de ces négociations, les tarifs canadiens sur les importations imposables, évaluées à 2,5 milliards de dollars en 1966, ont été réduits en moyenne d'environ 25 p. 100 par rapport à ceux qui étaient en vigueur antérieurement.

On a également négocié avec les pays qui ont le monopole d'État du commerce extérieur des accords commerciaux en vertu desquels le Canada a accordé le tarif de la nation la plus favorisée sur les produits de ces pays, en échange d'engagements fermes d'achat de blé canadien.

En second lieu, des dispositions spéciales ont été prévues dans le tarif douanier pour réduire le coût des mises de fonds que doivent faire les grosses industries de l'Ouest. L'outillage et l'équipement agricoles ou celui qui sert à la fabrication du contre-plaqué et de placages, à l'extraction minière, à la prospection pétrolière et gazière entrent au pays en franchise dans de nombreux cas. Les producteurs de l'Ouest profitent également du programme concernant l'outillage, en application duquel une partie importante de l'outillage importé entre au Canada en franchise.

Troisièmement, un grand nombre d'entreprises de l'Ouest bénéficient d'une protection tarifaire pour leur production, notamment dans les secteurs suivants: produits forestiers, fruits et légumes, confection, fabrication des canalisations et tuyaux d'acier, et fabrication des pneus. Cette protection tarifaire est importante, car elle donne et maintient des emplois dans l'Ouest, même si tous les consommateurs canadiens doivent en payer le prix.

L'exposé de principe des provinces de l'Ouest propose que le gouvernement canadien, lors des prochaines négociations multilatérales, exige des «révisions et des réductions sélectives des tarifs» qui favorisent l'Ouest. Le gouvernement fédéral a déjà précisé qu'il souhaite con-

naître les points de vue des provinces concernant ces négociations, et qu'il y aura, à cette fin, divers arrangements en vue de consultations. Je voudrais, à ce sujet, inviter les représentants de l'Ouest à exprimer leur point de vue et à préciser, en particulier, les modifications qu'ils souhaiteraient voir apporter. L'énoncé de principe en cause attire l'attention sur un certain nombre de cas où les tarifs douaniers canadiens et américains diffèrent pour des produits comparables. Nous aimerions toutefois savoir quelles sont les modifications précises que vous désirez parce qu'elles vous permettraient d'atteindre les objectifs d'expansion industrielle que vous poursuivez. Il faut, par exemple, envisager dans quelle mesure il convient de faciliter l'accès des producteurs de l'Ouest aux marchés étrangers pour qu'ils développent leurs exportations de biens transformés ou manufacturés. Parallèlement, les responsables de l'Ouest devraient examiner s'il ne convient pas de prendre, pour stimuler un plus grand développement industriel de l'Ouest, des mesures permanentes de protection douanière dans certains secteurs.

Les négociations tarifaires ne sont ni plus ni moins que des négociations. Nous devons faire preuve de réalisme en envisageant les modifications possibles. L'élargissement des débouchés pour les exportations canadiennes doit faire l'objet de négociations dont l'issue dépend des besoins des autres pays et de ce qu'ils veulent nous acheter, comme de ce que nous sommes disposés à consentir en échange. Nous devons chercher à déterminer les secteurs qui, au Canada, bénéficieraient le plus de changements précis.

Le document de l'Ouest fait valoir que la tenue de négociations bilatérales avec d'autres pays, en particulier, les États-Unis, serait probablement plus avantageuse pour l'Ouest que les négociations du GATT, et il cite, à titre d'exemple l'Accord Canado-Américain sur les produits de l'automobile. Il s'agit cependant là d'un cas vraiment particulier. En effet, dans ce secteur, les sociétés à participation américaine majoritaire dominent. Celles-ci fabriquent des produits brevetés et font de la publicité à l'échelle du continent, d'où de graves problèmes d'économies d'échelle pour l'automobile en général. Nous n'avons pu déceler d'autres secteurs ou industries qui pourraient, pour l'heure, faire l'objet d'un accord particulier. Nous ne devons cependant pas oublier que l'administration américaine n'a manifesté aucun désir de conclure de nouveaux arrangements bilatéraux dans un esprit semblable à celui qui a présidé à l'Accord déjà cité. L'administration américaine n'a pas, en outre, la compétence de conclure des ententes de ce genre, pas plus qu'elle ne se propose de l'obtenir par le projet de loi sur la réforme commerciale.

Nous avons de bonnes raisons de croire que les négociations multilatérales aboutiraient à des résultats appréciables pour l'Ouest du Canada. Nous avons obtenu d'importants succès grâce au Kennedy Round et nous espérons en enregistrer d'autres au cours des discussions multilatérales du GATT qui ne s'engageront que l'année prochaine. C'est de ce côté que le Canada devrait porter ses efforts.

Pour ces négociations, les participants au GATT sont en train d'étudier différentes techniques d'abaissement des barrières douanières en envisageant le problème des barrières, tarifaires ou non. Une de ces techniques consiste à élimiter progressivement toutes les barrières douanières à tous les niveaux de commercialisation, dans un secteur donné, par exemple, pour un métal, du minerai jusqu'aux derniers stades de fabrication.

La libéralisation du commerce, à laquelle les négociations du GATT permettraient d'aboutir, se ferait sur la base de la nation la plus favorisée et faciliterait considérablement l'accès à l'énorme marché américain ainsi qu'à d'autres débouchés importants comme la CEE et le Japon.

Le document des provinces, qui fait état de plaintes relatives au dumping, évoque aussi le drawback et les remises des droits dans certains cas. Ces problèmes semblent en grande partie liés aux pratiques administratives du ministère du Revenu national et je ne pense pas qu'il soit nécessaire que je les traite dans le détail. Le ministère du Revenu national s'est déclaré désireux d'examiner attentive-

ment toutes les plaintes précises qui lui seront soumises sur ces points.

En résumé, il convient de réviser les idées traditionnelles que le Canada aurait une politique de tarifs élevés et ne se préoccuperait pas des problèmes de l'Ouest. Les étapes successives des négociations douanières ont permis d'alléger dans une très large mesure les charges assumées au titre des droits de douane, tant par les consommateurs que par les producteurs, et ce, dans l'ensemble du Canada. Parallèlement, la politique douanière a aidé des secteurs particulièrement importants pour l'économie de l'Ouest. Les principales industries d'exportation de la région ont bénéficié de meilleures conditions pour l'écoulement de leurs produits à l'étranger et d'une réduction des prix d'achat de leurs matériaux. De plus, la production de nombreuses industries de l'Ouest a fait l'objet de mesures de protection. Le gouvernement fédéral est fermement décidé à pratiquer à l'avenir une politique douanière et commerciale susceptible d'aider et d'encourager l'expansion industrielle et la diversification de la production industrielle de l'Ouest.

LA POLITIQUE D'ACHAT DU GOUVERNEMENT FÉDÉRAL ALLOCUTION PRONONCÉE PAR L'HONORABLE J.-P. GOYER MINISTRE DES APPROVISIONNEMENTS ET SERVICES

Je suis personnellement très heureux d'assister à cette conférence et de pouvoir y exposer la politique d'achat du gouvernement fédéral. Permettez-moi de souligner deux points dont il faut tenir compte à ce sujet. En premier lieu, les achats font partie de la fonction «Service» et sont directement reliés aux besoins des ministères et organismes du gouvernement fédéral. Par conséquent, les achats auront tendance à être centralisés dans la mesure où ces besoins seront centralisés. En second lieu, il faut prendre en considération la répartition géographique de l'industrie dans notre pays. Étant donné que bon nombre d'industries canadiennes se trouvent toujours concentrées dans le corridor Montréal-Windsor, c'est dans cette région que se font la plupart des achats.

Ces deux réalités étant bien présentes à notre esprit, examinons maintenant les statistiques relatives aux achats du gouvernement, d'après la situation géographique des fournisseurs. Depuis son accession au pouvoir, il y a cinq ans, le présent gouvernement a porté la valeur des marchés de l'État adjugés dans les quatre provinces de l'Ouest, dans les Territoires du Nord-Ouest et au Yukon de 67.7 millions de dollars en 1968-1969, à 154.2 millions de dollars en 1972-1973: soit une augmentation de plus de 125 pourcent. En d'autres termes, le pourcentage des contrats de biens et de services du ministère des Approvisionnements et Services adjugés dans les provinces de l'Ouest, les T. du N.-O. et le Yukon, est passé de 7.7% à 14.2% de la valeur globale des biens et services impartis, au Canada, pendant la même période. Précisons ici que

ces 14.2% sont en relation directe avec la puissance industrielle de ces régions. Selon les données publiées par Statistique Canada, 14.9% de la valeur ajoutée dans le secteur de la production des biens au Canada provenait en 1970, des quatre provinces de l'Ouest.

Bien que les objectifs premiers du programme d'achat du gouvernement aient été et doivent rester l'économie et l'efficacité, le gouvernement fédéral a néanmoins reconnu le rôle que peuvent jouer ses achats à l'égard d'autres objectifs nationaux, y compris dans les domaines de l'essor industriel et de l'expansion régionale. Aussi le gouvernement a-t-il, cette année, reconnu officiellement ce rôle second, en arrêtant ainsi l'objectif du Programme d'approvisionnement:

«acquérir et fournir, au coût le plus bas, les biens et services connexes, compte tenu du rôle que les achats sont appelés à jouer dans la réalisation des objectifs nationaux.»

En conséquence, et en accord avec ses objectifs premiers, le gouvernement a pris un certain nombre de mesures visant à élargir le champ géographique de ses achats.

A titre d'exemple, j'aimerais vous rappeler la décision toute récente du gouvernement d'impartir un pourcentage beaucoup plus élevé de ses contrats de Recherche et Développement au secteur privé. Une des dominantes de cette nouvelle politique est la répartition régionale, dans tout le pays, des travaux de Recherche et Développement. En tant que responsable de sa mise en œuvre, le ministère

des Approvisionnements et Services a reçu pour instructions bien précises de tenter de répartir, aussi largement que possible, les avantages ainsi créés dans le monde industriel entre les industries des diverses régions du pays et, plus précisément, de ne pas concentrer les contrats de Recherche et Développement dans nos deux principales régions industrielles. On ne saurait trop insister sur les répercussions que cette décision aura sur l'avenir de l'industrie canadienne. L'essor industriel procède de la Recherche et du Développement et l'Ouest canadien sera particulièrement à même, grâce à cette nouvelle politique, de créer de nouvelles industries de pointe.

En ce qui concerne plus précisément l'industrie de la téléinformatique, dans la section de son Livre vert consacrée aux principes directeurs touchant les achats et l'expansion de ce secteur, le gouvernement a donné les précisions suivantes:

«... (le gouvernement fédéral) tiendra compte (...) des incidences de la téléinformatique sur l'équilibre de l'expansion socio-économique de la nation.»

Outre ces initiatives globales, le gouvernement a pris des mesures concrètes afin d'accroître le volume de ses achats dans ces régions. Ainsi, en vertu d'une Directive du Conseil du Trésor publiée en 1969, dans le cas de soumissions identiques, le contrat doit être adjugé à l'entreprise dont les installations sont situées dans une zone désignée.

L'automne dernier, le Cabinet a pris un certain nombre de décisions en matière d'achats, décisions destinées à faciliter la détermination du lieu d'utilisation final des marchandises afin que celles-ci soient achetées aussi près que possible de ce point.

A la même époque, le Cabinet a également autorisé, pour une période d'un an, un projet pilote concernant les achats nationaux de services d'imprimerie et de produits fabriqués en métal, pour permettre aux provinces de l'Ouest et de l'Atlantique de recevoir des contrats franco usine, pour autant que les frais de transport n'excèdent pas 10% du prix de revient du produit. Ce projet a débuté le 1^{er} avril 1973.

De plus, le ministère des Approvisionnements et Services a porté à \$2,500 (de \$1,000 qu'elle était) la valeur des commandes reçues au siège national et transmises aux bureaux régionaux qui, eux, procèdent à l'achat.

Afin de faire face à cet accroissement des activités dans le secteur de l'approvisionnement régional, le ministère a inauguré un réseau d'entrepôt à Edmonton et étudié, en ce moment, la possibilité de doter Vancouver d'installations semblables. A elle seule, cette mesure aura pour effet d'accroître les achats dans les régions, puisqu'un plus grand nombre d'articles stockés y seront achetés.

Programme d'action

Tout en poursuivant la mise en œuvre des programmes ainsi amorcés, le ministère des Approvisionnements et Services prendra, en temps et lieu, les mesures suivantes:

- 1) Recourir aux achats pour compléter les politiques industrielles et régionales, dans la mesure où le programme d'achats du gouvernement contribuera à

appuyer les activités des autres ministères en créant des industries viables.

Cette mesure pourra s'appliquer, tout particulièrement, aux besoins régionaux, comme l'ont récemment prouvé certaines commandes de mobilier pour les bureaux du gouvernement de l'Ouest. Jusqu'à la fin de 1971, l'État passait ses commandes de meubles modulaires à des fabricants du Québec et de l'Ontario pour ensuite les expédier au point d'utilisation. Après examen de la situation, le MAS s'est rendu compte qu'un fabricant d'Edmonton pouvait être amené à répondre en partie aux besoins de l'Ouest. De nouveaux débouchés ont ainsi vu le jour dans l'Ouest canadien, créant de nouveaux emplois et l'État pourra donc réaliser des économies réelles sur l'achat de ces produits.

- 2) A mesure que se poursuit la décentralisation du gouvernement, le ministère achètera davantage de régions qui sont éloignées de la Capitale nationale. De plus, dès que l'on pourra désigner avec précision le point final d'utilisation des marchandises, les achats régionaux prendront de plus en plus d'ampleur.
- 3) Le gouvernement fédéral prendra en considération toute initiative prise par les provinces dans le domaine des achats conjoints. Cette coopération au niveau des achats publics, et plus particulièrement en ce qui concerne les besoins de l'État pour l'Ouest canadien et ceux des gouvernements des provinces de l'Ouest, pourrait multiplier les avantages que l'on tirerait du recours aux achats pour soutenir et stimuler la croissance industrielle et l'essor de ces régions, particulièrement en ce qui concerne la rationalisation et la spécialisation industrielles dans ces provinces.
- 4) Enfin, le gouvernement sera heureux d'échanger avec les provinces des renseignements en matière d'achats, ce qui pourrait augmenter le volume des achats effectués au Canada de tous les paliers de gouvernement concernés.

En terminant, j'aimerais parler brièvement des commentaires exprimés à propos de notre politique d'achats par les provinces de l'Ouest dans la brochure «Possibilités d'expansion économique et industrielle».

C'est avec plaisir que j'ai pu constater que celles-ci sont conscientes des efforts récemment déployés par le gouvernement fédéral pour mieux répartir ses achats entre les régions du pays. De plus, je leur suis reconnaissant de leur concours au travail que fait actuellement mon Ministère pour déterminer comment les achats peuvent apporter un soutien accru aux autres politiques et programmes nationaux d'expansion régionale et d'essor industriel.

Il est toutefois un point sur lequel j'aimerais apporter quelques précisions. Il s'agit de la recommandation n° 13 par laquelle les provinces suggèrent la création d'un Bureau d'achat régional dans l'Ouest. En plus du réseau d'entrepôt et de distribution récemment inauguré à Edmonton et du centre dont nous nous proposons de doter Vancouver, nos services ont toujours compté des bureaux au nombre de six—situés à Winnipeg, Regina,

Calgary, Edmonton, Vancouver et Victoria. Les directeurs régionaux de mon ministère entretiennent des rapports constants avec les fonctionnaires des gouvernements provinciaux chargés des approvisionnements et des pro-

blèmes de l'industrie. Si les premiers ministres désirent que d'autres représentants soient tenus au courant de nos opérations régionales, je me ferai un plaisir de donner des instructions en ce sens à mes collaborateurs.

ANNEXE

RÉPARTITION RÉGIONALE DES CONTRATS PASSÉS AU CANADA PAR LE MAS

- REMARQUE: (1) La valeur des contrats passés par le siège du ministère est ventilée par région, selon l'adresse du fournisseur portée sur les documents contractuels.
- (2) La valeur des contrats passés par les bureaux régionaux est ventilée par région, selon l'emplacement du bureau régional.
- (3) Les chiffres fournis ont trait à l'année au cours de laquelle les contrats ont été passés et non à celle(s) où les dépenses ont été faites.

RÉPARTITION RÉGIONALE DES CONTRATS PASSÉS AU CANADA PAR LE MAS

Époque	Provinces de l'Atlantique	%	Québec	%	Ontario	%	Prairies	%	C.-B. T. du N.-O. & Yukon	%	Total	%
1968/69.....	38.7	4.4	425.6	48.5	346.4	39.4	45.8	5.2	21.9	2.5	878.4	100.0
1969/70.....	34.0	4.3	380.8	47.7	305.4	38.2	54.5	6.8	24.4	3.0	799.1	100.0
1970/71.....	48.3	6.3	274.7	35.9	327.1	42.7	84.6	11.1	30.9	4.0	765.6	100.0
1971/72.....	73.8	7.7	300.2	31.2	459.6	47.7	93.1	9.7	36.4	3.7	963.1	100.0
1972/73.....	76.1	7.0	336.7	31.0	519.4	47.8	108.0	9.9	46.2	4.3	1,086.4	100.0
Moyennes												
1968/69-1972/73.....	54.2	6.0	343.6	38.2	391.6	43.6	77.2	8.6	31.9	3.6	898.5	100.0
1970/71-1972/73.....	66.1	7.0	303.9	32.4	435.4	46.4	95.2	10.2	37.8	4.0	938.4	100.0

DÉCLARATION SUR LA DÉCENTRALISATION, PRONONCÉE PAR L'HONORABLE JAMES RICHARDSON, MINISTRE DE LA DÉFENSE NATIONALE

Monsieur le Premier ministre, messieurs:

Je crois que la meilleure façon d'aborder le sujet de la décentralisation est de vous lire le passage suivant, qui est extrait du discours du Trône:

«Le gouvernement reconnaît la volonté des Canadiens de l'Ouest de construire une force industrielle sur l'assise des ressources naturelles et des richesses énergétiques de leur région. Comme la croissance générale de l'économie se poursuit, il faudra accroître la décentralisation des activités industrielles pour atteindre l'objectif régional désiré.»

Je voudrais également ajouter, dans mon introduction sur ce sujet, que l'objet principal de la décentralisation est, à l'origine, de contribuer à offrir aux Canadiens de toutes les régions du pays un éventail d'emplois plus large et plus rémunérateur.

Étant donné que le terme même de décentralisation peut évoquer des réalités différentes dans l'esprit de chacun, peut-être serait-il bon de préciser que, pour nous, il recouvre quatre grands points.

Le premier est la décentralisation des achats du gouvernement fédéral telle que l'a décrite M. Goyer. Comme

il l'a indiqué, des améliorations sont en cours dans ce domaine.

Le deuxième aspect est une bonne répartition des fonctionnaires fédéraux et, par conséquent, des salaires fédéraux, dans tout le pays. Le poids économique de ces salaires est évident si l'on considère les 270,000 fonctionnaires fédéraux à plein temps et le total mensuel de leurs salaires, qui est de l'ordre de 275 millions de dollars, soit un montant annuel de 3 milliards et 300 millions de dollars.

Le troisième aspect de la décentralisation concerne bien moins le nombre de fonctionnaires fédéraux employés dans une région que l'importance des pouvoirs de décision dont ils disposent à l'échelon local.

Des progrès précis ont été annoncés sur ce plan par MM. Don Jamieson, ministre de l'Expansion économique régionale, et Alastair Gillespie, ministre de l'Industrie et du Commerce.

Le quatrième aspect de la décentralisation, le plus important peut-être, concerne la portée des avantages économiques découlant des réalisations et projets nationaux de toutes sortes. Celle-ci ne doit pas être localisée ou centralisée, mais avoir des résultats économiques sensibles à l'échelle nationale.

Cette notion de décentralisation des grands projets nationaux va bien plus loin que la construction de bureaux de poste ou autres bâtiments par le ministère des Travaux publics. Ce que nous envisageons, ce sont les grands secteurs industriels: le développement de l'aéronautique, de l'énergie nucléaire, de l'informatique, de l'électronique, de tout le domaine des communications et, ce qui est peut-être le plus important, du secteur vital, toujours plus vaste, de la recherche scientifique. Toutes ces grandes tâches nationales, ces besoins pour le Canada, ces symboles d'une société avancée ne devraient pas apporter des avantages économiques localisés ou centralisés, mais, au contraire, bénéficier à l'ensemble de la nation.

Je peux dire que, conformément à ce principe, je prépare dans mon ministère, la création d'un établissement de recherche pour la défense au Manitoba et dans la Saskatchewan où des travaux de recherche dans ce domaine n'ont encore jamais été faits à ce jour.

Je peux également vous donner une preuve manifeste de l'attitude du gouvernement à ce sujet en vous citant un passage du livre blanc intitulé «La défense dans les années 70», où la politique du gouvernement est définie de la façon suivante:

Pour aider à la réalisation de l'objectif du gouvernement concernant l'égalité économique régionale, il faut encourager une plus grande décentralisation de la fourniture du matériel de défense dans toutes les régions du Canada, chaque fois que c'est possible sans porter préjudice à l'efficacité économique à long terme.

Nos discussions à cette conférence portent en fait (comme l'ont souligné clairement hier, dans leurs déclarations d'ouverture, le chef du gouvernement fédéral et les premiers ministres de l'Ouest) sur les moyens d'édifier le Canada, et non point simplement l'Ouest canadien. On peut construire un pays qui s'étend d'un océan à l'autre grâce à la décentralisation. Or, je crois que notre objectif commun devrait être l'édification d'un pays industrialisé, d'un pays développé dont les frontières vont d'un océan à l'autre—et non d'un pays où les possibilités d'emplois les plus rémunérateurs et où les grandes activités nationales sont situées ou concentrées dans une région quelconque.

Autrement dit, le concept de la décentralisation des activités du gouvernement fédéral n'est, somme toute, qu'un concept d'égalité. Comme tous les Canadiens, les habitants de l'Ouest croient en la parité des chances. Si être Canadien a autant de signification que certains d'entre nous le voudraient, alors, que chaque partie du Canada sache que les activités nationales doivent bénéficier au pays tout entier. Il est indispensable que chaque Canadien prenne conscience de ce que les tâches nationales les concernent tous. Une plus grande décentralisation dans les quatre domaines que j'ai mentionnés constitue, je pense, l'un des moyens de concrétiser l'esprit qui anime la nouvelle politique nationale annoncée au début de la conférence.

La décentralisation de l'administration: mesures prises ou à l'étude

MESURES PRISES:

Monnaie royale canadienne

Création d'une annexe à Winnipeg.

MEER

Importante décentralisation—la part du personnel de la capitale sera réduite de 70% à 30%.

I & C

Lancement d'un programme d'accroissement des ressources et des responsabilités de ses bureaux régionaux, qui vise notamment à:

- étendre le Programme de services de consultation pour petites entreprises à trois nouvelles régions;
- engager dans chaque province des agents chargés du tourisme dans la région;
- déléguer aux bureaux régionaux à titre d'essai, le pouvoir d'accorder des subventions aux termes de programmes tels que PAIT, GAAP, PEP et IDAP.

Consommation et corporations

Création d'un certain nombre de bureaux d'aide aux consommateurs dans les localités.

Information Canada

Multiplication des centres régionaux d'information.

EMR/MDE

Construction de grandes installations destinées aux sciences de la terre appliquées à la mer, qui feront partie du nouvel institut océanographique de Patricia Bay.

Office national du film

Création d'un centre régional de production dans les Prairies.

MESURES À L'ÉTUDE:**Conseil des sciences**

Réinstallation à l'extérieur de la région de la capitale nationale.

Défense nationale

Création de laboratoires de recherche sur la défense, soit en Saskatchewan, soit au Manitoba; il en existe déjà en Colombie-Britannique et en Alberta.

Communications

Construction de nouvelles installations techniques de télécommunications. Des discussions seront bientôt entamées avec les gouvernements de l'Alberta, du Manitoba et de la Saskatchewan en vue de déterminer l'emplacement de ces installations dans l'une ou l'autre des provinces.

NOTES POUR UN DISCOURS DE L'HONORABLE ALLEN BLAKENEY,

PREMIER MINISTRE DE LA SASKATCHEWAN

le 26 juillet 1973

L'AGRICULTURE ET LA VIE RURALE

Monsieur le Premier ministre,

Vous avez laissé entendre, hier, que si nous devions commencer la discussion aujourd'hui, le mémoire fédéral ne serait pas prêt. Comme c'est le cas, je fais mon exposé sans savoir si le gouvernement fédéral présentera ou non de nouvelles propositions et, s'il le faisait, en quoi elles consisteraient.

La déclaration de principe des provinces vous a été remise il y a déjà quelques semaines. J'ai, d'autre part, défini les grandes lignes de l'attitude des provinces dans ma déclaration d'ouverture, mardi dernier. J'ai fait valoir que, pour nous, l'existence d'une agriculture pleinement développée doit être l'objectif majeur de toute politique nationale qui se propose d'assurer un développement régional équilibré. C'est dans cet esprit que mes collègues de l'Ouest et moi-même demandons l'exploitation complète de notre sol et de nos ressources humaines. Une telle politique comporterait trois grands avantages, à savoir

Nous permettre de produire davantage et de mieux diversifier les denrées alimentaires.

Donner un nouvel essor aux communautés rurales.

Donner une assise solide aux industries manufacturières secondaires.

L'adoption de cette stratégie signifie la modification d'un certain nombre de politiques nationales qui, pour l'heure, encouragent l'exode des populations rurales vers les centres urbains surpeuplés, sans que l'on se préoccupe, apparemment, des méfaits que cela occasionne tant aux régions rurales qu'aux zones urbaines.

Une condition sine qua non pour l'établissement d'une politique agricole solide au Canada est d'assurer la stabilité, et non de fournir des subsides.

Nous n'avons trouvé, dans le document du gouvernement fédéral, nulle trace de la nécessité d'envisager des programmes entièrement nouveaux. Le document indique que «l'objectif de la politique agricole nationale est d'améliorer le bien-être des familles rurales par la promotion de la stabilité de la production, de la commercialisation et des prix, et par le relèvement des niveaux de revenu des familles». Nous sommes d'accord sur ce point, comme tout le monde d'ailleurs.

Toutefois, nous voulons mieux.

Si nous voulons progresser, si nous voulons vraiment avancer vers la réalisation de ces objectifs, il nous faut alors, c'est mon avis, nous entendre au cours de la conférence, sur des propositions concrètes qui nous permettraient de progresser effectivement.

Mais au lieu de cela, le document fédéral ne contient, me semble-t-il, que des déclarations générales et vagues.

Instruits par l'expérience, nous, gens de l'Ouest, savons fort bien ce que signifient ces déclarations générales et vagues lorsqu'elles sont transformées en politique. La politique fédérale, fondée sur des déclarations de beaux principes, a été synonyme d'élimination de nos fermes et de nos communautés rurales.

Les populations de l'Ouest espéraient entendre parler à cette conférence de nouvelles politiques fédérales, de politiques concrètes axées sur l'expansion, le développement et la stabilité des prix et des revenus.

Pendant trop longtemps, l'action du gouvernement fédéral a consisté à présenter des programmes, dont le LIFT est un exemple, qui étaient élaborés pour faire face à des situations critiques, sans tenir vraiment compte des perspectives et des besoins à long terme. Ce genre de programme n'aboutit à rien, sinon à occasionner des difficul-

tés aux fermiers et aux populations rurales. La méthode de rapiéçage à court terme n'aidera aucun d'entre nous.

Je ne veux pas dire par là que tous les programmes fédéraux sont inutiles.

Certains programmes ont satisfait d'importants besoins. C'est le cas de la Société du crédit agricole. Malheureusement, son mandat n'est pas suffisamment souple pour qu'elle puisse répondre aux demandes de crédit spécial et fournir les services d'orientation spécialisés dont ont besoin la majorité des fermiers de l'Ouest, qui ne disposent pas des fonds nécessaires pour démarrer et devenir des cultivateurs capables de jouer pleinement leur rôle commercial.

La Commission canadienne du blé a largement contribué au développement de l'Ouest grâce à un programme coordonné et rationnel de commercialisation des céréales. Ses pouvoirs devraient toutefois être complétés et élargis.

Nous estimons que les gouvernements devraient prendre maintenant les mesures nécessaires en vue d'assurer une exploitation plus intensive de nos ressources agricoles. Le gouvernement fédéral devrait, à notre avis, admettre que notre sol et nos populations sont capables de produire non seulement des céréales, mais aussi une large variété de denrées alimentaires primaires et secondaires, ce qui assurera une expansion régionale plus grande et mieux équilibrée. La production et la commercialisation du bétail exigent une attention particulière.

Notre conception de ce que devrait être l'agriculture de l'Ouest donne de l'espoir aux petits exploitants agricoles tout en assurant une plus grande stabilité à tous les producteurs. Nous pensons que cela renforcera la structure de la société rurale de l'Ouest et fournira, de façon régulière et durable, aux consommateurs des aliments de qualité à des prix équitables tout en assurant aux industries de transformation, que nous désirons tous développer dans l'Ouest, un approvisionnement régulier en matières premières.

A cette fin, nous proposons:

1. Des programmes de crédit mieux adaptés aux besoins des petits exploitants.
2. Des essais de matériel agricole, afin d'informer davantage et mieux les fermiers qui désirent faire des investissements importants, comme l'achat d'un tracteur ou d'une moissonneuse-batteuse.
3. Une politique nationale et exhaustive des grains de provende, de façon à assurer la stabilité des prix et des marchés aux producteurs et aux utilisateurs de ces grains.
4. Un plan de soutien des prix des grains et du bétail pour protéger les producteurs des brusques variations des prix, qui ont été si catastrophiques et ont ruiné tant de fermiers dans le passé.

Nous proposons également d'autres mesures pour aider les fermiers: recherches sur la lutte contre les maladies, sur les débouchés et la commercialisation au moyen, entre autres, du Programme d'expansion des exportations.

Je voudrais revenir un instant sur la question des crédits agricoles. Nous avons déjà souligné l'extrême importance des programmes de crédit pour de nombreux fermiers de l'Ouest qui n'ont pas beaucoup de disponibilités

et qui, bien souvent, débutent dans l'agriculture. Pour que ces exploitations contribuent à la croissance de notre région et de notre pays, elles doivent progresser grâce à une utilisation raisonnable des crédits.

Jusqu'à maintenant, les organismes de prêt, et en particulier la Société du crédit agricole, n'ont pas aidé les exploitants débutants ou ceux qui sont considérés par les banquiers comme présentant un risque trop grand. Par exemple, en 1973, 54% des prêts de la Société du crédit agricole ont été accordés à des fermiers ayant un revenu net supérieur à \$65,000 et moins de 30% à des fermiers dont le revenu net était inférieur à \$50,000. Le client moyen de la Société disposait d'un actif de \$113,000 et avait un revenu net de \$75,000. Comme la politique du moindre risque de cette dernière élimine les fermiers débutants, ce sont les provinces qui ont dû prêter de l'argent aux nouveaux fermiers et aux petits exploitants.

En ce qui concerne les besoins de crédits de ces catégories d'exploitants, le gouvernement fédéral doit avouer son échec. Pour y remédier, nous recommandons que le gouvernement fédéral permette aux provinces d'intervenir davantage dans la planification et la gestion des programmes de crédit. Nous recommandons également qu'il dote les provinces de capitaux qui seraient redistribués, sous forme de crédits, aux exploitants qui n'offrent pas une garantie suffisante aux yeux des banquiers. Les programmes de la Société du crédit agricole et les programmes de développement régionaux n'ont pas été coordonnés de façon convenable. En groupant l'aide fédérale et les programmes régionaux d'expansion et de formation pour essayer de satisfaire nos besoins régionaux en matière de crédits, nous franchirions une étape dans ce sens.

La deuxième mesure concrète importante que je voudrais souligner est notre proposition de création d'un Institut d'essai du matériel agricole. Nous proposons que le gouvernement fédéral prenne en charge 50% des dépenses d'infrastructure ainsi qu'une juste part des dépenses de fonctionnement.

La troisième grande proposition à laquelle je désire me reporter a trait à la politique nationale sur les grains de provende. Le ministre chargé de la Commission canadienne du blé a promis d'annoncer quelque chose à ce sujet. Nous espérons qu'il nous mettra au courant de cette politique aujourd'hui.

Voici nos propositions concrètes à ce sujet.

Nous désirons que des responsabilités plus grandes soient confiées à la Commission canadienne du blé; que cette dernière soit le seul organisme de commercialisation pour les céréales fourragères au niveau interprovincial. Bien que, sur le plan constitutionnel, le transport des céréales fourragères à l'intérieur d'une province soit de compétence provinciale, nous préconisons la création d'un organisme national d'établissement des prix qui ferait en sorte que les acheteurs de toutes les régions du Canada puissent se procurer les céréales fourragères de l'Ouest à des prix comparables à ceux que paient leurs homologues de l'Ouest, compte tenu des frais de transport et de manutention.

Notre proposition relative à la création d'une «banque» de céréales fourragères constitue un autre aspect d'une politique complète en matière de céréales fourragères.

Nous croyons que pour stabiliser l'élevage du bétail dans l'Ouest, il est nécessaire de s'assurer une réserve de céréales fourragères à des prix justes; ce qui est impossible si les prix sont susceptibles de varier énormément à cause des prix sur le marché mondial. Il nous faut un système de soutien des prix et une politique d'entreposage ou d'accumulation de céréales fourragères au cours des années d'abondance pour les remettre sur le marché les années où la production est faible. Le document précise la manière de réaliser ces objectifs.

L'Ouest a besoin que le gouvernement fédéral s'engage fermement à stabiliser les revenus des agriculteurs, qu'ils produisent du grain ou des céréales spéciales, ou qu'ils fassent de l'élevage. L'instabilité du marché a provoqué des alternances de prospérité et de pauvreté dans les exploitations agricoles et les localités rurales. Il en est résulté d'importantes fluctuations dans les niveaux de production. Aussi longtemps que cette situation se maintiendra, comment pouvons-nous espérer développer les industries de transformation qui reposent sur les produits agricoles?

Nous proposons de créer un programme de stabilisation des revenus des céréales afin de stabiliser et de hausser les revenus des producteurs de grains. Cette proposition, qui a pour objet de fixer un prix minimum pour les diverses sortes de grains en tenant compte des coûts de production, a été faite en novembre 1971 par tous les ministres provinciaux de l'Agriculture. Nous attendons toujours une réponse du gouvernement fédéral à ce sujet. Quant aux

autres produits, en particulier le bétail, nous proposons de modifier le programme actuel de stabilisation agricole de manière à offrir à l'avance aux agriculteurs une assurance contre les pertes résultant des marchés déprimés. A l'heure actuelle, de nombreux agriculteurs de l'Ouest trouvent qu'il est trop hasardeux d'entreprendre l'élevage des bestiaux, en particulier. Seul l'établissement d'un prix minimum qui couvre le coût de production peut assurer aux agriculteurs la sécurité du revenu dont ils ont besoin; il est également vrai que c'est uniquement en supprimant ce risque que l'on peut établir une industrie alimentaire avec des réserves stables de produits.

Monsieur le Premier ministre, nous avons soumis nos propositions deux semaines avant cette conférence. Naturellement, un grand nombre d'entre elles sont entre vos mains depuis novembre 1971 sous forme de propositions—non pas des quatre provinces de l'Ouest—mais des dix ministres provinciaux de l'Agriculture. Pour nous elles sont d'une importance primordiale—non seulement pour les agriculteurs et les localités rurales—mais aussi pour développer nos industries de transformation qui reposent sur l'agriculture. Pour les provinces des Prairies, en particulier, elles représentent une grande possibilité de développer une industrie agricole primaire solide et une industrie de transformation que votre gouvernement et les nôtres souhaitent voir dans l'Ouest du Canada.

Monsieur le Premier ministre, nous attendons votre réponse.

DÉCLARATION PRONONCÉE PAR L'HONORABLE EUGENE F. WHELAN, MINISTRE FÉDÉRAL DE L'AGRICULTURE

le 26 juillet 1973

C'est pour moi un très grand plaisir que d'assister à cette conférence exceptionnelle et de vous présenter non seulement les sujets de préoccupation, mais également les espoirs de l'agriculture canadienne en général, et de l'Ouest en particulier.

Les besoins mondiaux en nourriture croissent; il est urgent d'agir. Dans de nombreux pays, davantage de gens réclament des aliments de meilleure qualité, en plus grande quantité, de la viande surtout.

Dans les conditions actuelles, le niveau de la production agricole canadienne est bon. On assiste enfin à un début d'amélioration du côté des prix, et il faut espérer que la production continuera d'augmenter. Mais nous devons tous agir avec prudence, en suivant des plans bien établis, pour préparer l'avenir à moyen et à long termes.

Le gouvernement fédéral étudie la situation de l'agriculture dans l'Ouest avec beaucoup d'attention depuis mon entrée en fonctions, en novembre de l'année dernière. J'ai personnellement rendu visite et posé des questions à beaucoup de fermiers et de personnes travaillant dans des secteurs connexes. Je les ai interrogés sur leurs espoirs et leurs problèmes. J'ai demandé à mon personnel d'étudier

les réponses. J'ai été à l'étranger rencontrer des groupes d'exportateurs d'autres pays. Et finalement, comme j'ai moi-même une exploitation, je peux comparer ce qui était et ce qui est.

Les perspectives sont excellentes ici, dans l'Ouest, pour les fermiers. Ils ont la possibilité de conquérir de nouveaux marchés avec des bénéfices appréciables. Le Canada peut produire plus et vendre plus.

Les mesures que nous avons prises ont ouvert la voie à une intensification massive de la production dans le but d'approvisionner les débouchés que nous prospectons. Cette politique d'expansion a déjà été lancée sur les marchés stables. Mais il ne faut pas se contenter de maintenir le rythme, accélérons-le.

J'ai à vous annoncer, ici, aujourd'hui, l'adoption d'un train de mesures spéciales; j'aimerais aussi m'entretenir avec vous d'autres points.

Mais avant de vous énumérer ces initiatives, je vous rappelle que si l'agriculture canadienne connaît de tels succès aujourd'hui, c'est bien grâce aux exploitations familiales, que nous avons, d'ailleurs, la ferme intention de sauvegarder, aujourd'hui et dans l'avenir.

Pour moi, le problème du développement agricole se résume en deux mots: expansion et stabilité, celle-ci visant à créer un climat suffisant de confiance pour que les cultivateurs investissent. Les programmes ci-après sont conçus dans ce but.

1. Le gouvernement fédéral est en train de créer un Fonds de développement des nouvelles cultures pour encourager la mise au point et l'adaptation de nouvelles cultures, de nouvelles variétés et de nouvelles sources de protéines, ouvrant ainsi de nouvelles perspectives à l'agriculture canadienne. Il versera un montant initial de 1 million de dollars dans ce Fonds, et travaillera en coopération avec les gouvernements provinciaux, les universités, les organismes et groupements de producteurs. Ce Fonds complètera les initiatives gouvernementales dans les domaines de la recherche, de la production et de l'expansion des marchés.

2. Le gouvernement fédéral va contribuer au financement et à l'exploitation d'une installation pilote de mise au point des produits pour les huiles végétales et les protéines. Mon collègue, le ministre responsable de la Commission canadienne du blé, apportera des précisions sur cette question.

3. Le gouvernement fédéral désire accroître les laboratoires de recherche sur la viande afin d'améliorer la qualité de cette dernière, de développer les procédés d'emballage et de résoudre les problèmes relatifs à sa production et à sa commercialisation. Bien que des propositions et des coûts précis n'aient pas été encore élaborés, le gouvernement fédéral est prêt à engager des conversations avec les provinces concernées que cela intéresse.

4. Le gouvernement fédéral examinera avec les provinces concernées le problème des contributions à apporter sous forme de capitaux pour défrayer le coût de la construction d'établissements supplémentaires de formation de vétérinaires, et même celui de l'agrandissement éventuel d'établissements déjà existants.

5. Le gouvernement fédéral élabore des mesures destinées à promouvoir le secteur des fruits et légumes, en particulier les prix et la commercialisation.

La Commission du tarif a été invitée à faire une révision complète des prix des fruits et légumes afin de déterminer les modifications à apporter aux méthodes actuelles, comme, par exemple, envisager les mesures qui permettraient de prévenir la pression exercée sur les prix par les importations. Les audiences de la Commission permettront aux gouvernements provinciaux d'influencer directement les décisions qui seront prises à ce sujet.

Pour augmenter la durée de la période de commercialisation des fruits et légumes canadiens et fournir des produits d'excellente qualité aux consommateurs du pays, le gouvernement fédéral se propose d'accorder aux offices de commercialisation et aux groupements de producteurs une aide supplémentaire à l'entreposage. Celle-ci s'élèvera à \$500,000 ou au tiers du coût en capital, selon le montant le plus faible, pour améliorer et développer l'entreposage des fruits et légumes à conserver sans qu'ils gèlent, à une température contrôlée ou sous emballage.

6. Le gouvernement fédéral va accroître le montant en espèces que les agriculteurs pourront recevoir à titre d'a-

vance sur les grains, dans les régions désignées ou non. Il étudie également la possibilité d'étendre le principe des avances à d'autres céréales.

7. Après examen par les participants à la conférence, le gouvernement fédéral mettra la dernière touche à une politique nationale concernant les grains de provende. Celle-ci aura les objectifs généraux suivants:

- a) assurer le plus grand profit possible à l'économie canadienne dans son ensemble,
- b) assurer les mêmes droits aux producteurs de grains de provende et aux éleveurs dans tout le Canada,
- c) assurer l'expansion optimale de l'élevage canadien par l'utilisation de la production nationale de grains de provende.

Mon collègue, M. Lang, traitera plus en détail le problème de la commercialisation des grains de provende.

Parallèlement à ces engagements, le gouvernement fédéral met au point d'autres mesures. C'est à la discussion et à la participation qu'il engage maintenant les provinces.

8. Le gouvernement fédéral estime nécessaire, vous le savez, d'élaborer un programme de stabilisation des céréales dans les Prairies.

9. Il estime qu'il faut aussi adopter d'autres mesures de stabilisation pour d'autres produits et voudrait examiner une série de possibilités avant de modifier les méthodes actuellement pratiquées dans ce domaine. Il est d'ailleurs prêt à entamer des pourparlers sur les moyens d'assurer la stabilisation nécessaire sans compromettre la production ou les débouchés du Canada à l'étranger.

10. Le gouvernement fédéral va inviter les provinces à s'associer à la définition de la position que le Canada adoptera dans les négociations agricoles du GATT.

Les travaux préparatoires indiquent que le Canada devra tenir compte de l'incidence commerciale des plans de stabilisation des prix nationaux lors de l'élaboration de certains programmes et dans les négociations elles-mêmes.

11. Le gouvernement fédéral étendra ses programmes de recherche et d'enquête en profondeur, d'analyse et d'évaluation aux domaines suivants: 1. les réserves canadiennes de produits concurrentiels qui seront probablement disponibles au cours des prochaines années; 2. les mécanismes du marché intérieur, notamment la régularité d'approvisionnement; 3. les débouchés.

12. Le gouvernement fédéral multipliera les démarches qu'il a déjà entreprises pour élargir le marché, et son personnel collaborera avec les gouvernements provinciaux, les groupes d'agriculteurs et les organismes de commercialisation pour appliquer les programmes.

13. Le gouvernement fédéral propose également la création d'un Conseil de coordination pour l'expansion des marchés agricole et alimentaire, dont feraient partie des représentants du fédéral et des provinces; cet organisme aurait pour but de permettre aux personnalités clés chargées de l'application des programmes d'expansion des marchés d'échanger des idées.

14. Il est essentiel d'améliorer et d'intensifier l'élevage du bétail. Notre nouvelle politique nationale en matière de grains de provende constitue un premier pas en ce sens. Le gouvernement fédéral entreprendra maintenant de discuter avec les provinces des projets de programmes visant à vain-

cre les principaux obstacles à l'élevage des bestiaux. Nous nous rendons compte du vaste potentiel que le bétail constitue pour le marché intérieur et pour l'exportation.

La formule que nous prévoyons pour l'amélioration du bétail à l'échelle nationale comprendrait un éventail d'activités nouvelles ou modifiées, coordonnées, que le ministère de l'Agriculture désire élaborer en collaboration avec les provinces. Elle pourrait comporter une assurance sur l'élevage des bestiaux si c'était nécessaire.

15. Les provinces de l'Ouest ont dit qu'il fallait faire des recherches sur la machinerie agricole et la mettre à l'essai dans les conditions et face aux problèmes propres au Canada. Afin de satisfaire à cette demande, le gouvernement fédéral fournira des sommes supplémentaires aux termes d'un programme national qui accordera des subventions aux universités pour accomplir des recherches fondamentales, ainsi qu'aux provinces participantes, pour leur permettre d'entreprendre des programmes d'évaluation et d'information.

16. Le gouvernement fédéral est disposé à faire les premiers pas sur deux points importants concernant le crédit agricole:

1. Accorder une aide plus généreuse aux jeunes agriculteurs qui veulent s'établir. Après une étude approfondie de la question, la Société du crédit agricole met davantage l'accent sur la nécessité de satisfaire aux besoins particuliers des jeunes agriculteurs. Le gouvernement fédéral accueillera volontiers l'aide des gouvernements provinciaux pour résoudre ce problème.
2. Établir des relations de travail plus étroites avec le personnel des ministères provinciaux de l'agriculture. Le gouvernement fédéral a déjà décentralisé

l'administration du crédit agricole et le programme d'expansion des petites exploitations agricoles. Il recevra avec plaisir les propositions des provinces visant à mieux régler les situations locales.

J'ai déjà mentionné une série de nouveaux programmes qui accroîtront le volume des recherches appliquées et les dépenses qui y sont consacrées. Le gouvernement fédéral n'a pas réduit les sommes consacrées à des recherches agricoles; bien au contraire, elles ont augmenté de 116 p. 100 au cours des 10 dernières années. Il serait certainement utile de les accroître encore, mais il faut établir des priorités et limiter les dépenses à tous les paliers de gouvernement. Pour tirer un profit maximum de chaque dollar consacré à la recherche, nous aimerions travailler en étroite collaboration avec un conseil de recherche agricole des provinces de l'Ouest. Pour répondre au désir que vous avez exprimé, je puis, d'autre part, vous assurer que le gouvernement fédéral a pour principe de considérer les recherches agricoles comme une question à part.

Les programmes fédéraux de lutte contre les maladies, les insectes et les parasites ont été menés conjointement avec les fonctionnaires provinciaux et locaux, partout où des épidémies sont survenues, et nous nous proposons de continuer à agir ainsi à l'avenir.

Les politiques que je viens d'exposer brièvement devront être réunies sous forme de programmes concrets, acceptables et réalistes. Elles aideront à apporter une vie nouvelle aux localités rurales, grâce à un accroissement de la production et de la variété des produits alimentaires. Ces nouveaux produits, disponibles en quantités plus considérables, favoriseront à leur tour l'expansion de l'industrie secondaire. Il en résultera un accroissement des revenus et une vie plus agréable pour les agriculteurs et la population rurale en général.

AGRICULTURE

DÉCLARATION DE L'HONORABLE OTTO LANG

le 26 juillet 1973

Le plus gros atout de l'Ouest du Canada est son sol et les moyens techniques dont disposent ses fermiers. L'Ouest produit non seulement la totalité du colza du Canada ainsi que 95% du blé, de l'orge et du seigle, et 75% de l'avoine, mais aussi la nourriture pour le bétail qui est probablement la moins chère au monde. Pour compléter les remarques de mon collègue, le ministre de l'Agriculture, en qualité de ministre spécialement chargé des grains, je traiterai de cet aspect sans jamais perdre de vue ses liens étroits avec la production de viande.

En ce qui concerne les grains et la viande, la politique fédérale poursuit un double objectif:

- augmenter la production en profitant de la position concurrentielle favorisée par la nature, renforçant ainsi le développement dynamique des marchés intérieur et extérieur;

—garantir des revenus suffisants et stables afin de créer chez les agriculteurs un climat de confiance favorable à l'augmentation de la production.

J'espère que nous tomberons d'accord sur ces objectifs fondamentaux, étant donné que le gouvernement fédéral estime qu'ils sont essentiels au bien-être des agriculteurs et à l'équilibre de toute l'économie du Canada, de l'Est à l'Ouest. Ces objectifs sont fondés sur des principes qui valent la peine d'être examinés avec attention.

L'augmentation de la production des céréales dépend d'un meilleur rendement à l'acre, de la culture d'espèces plus productives et, dans la mesure du possible, d'une diminution des superficies en jachère. Bien que la recherche soit en train de découvrir beaucoup de nouvelles techniques de production, on ne peut les appliquer avant d'avoir fait des études plus poussées. Les possibilités de débou-

chés commerciaux sont connues, mais il est indispensable que le gouvernement fédéral intervienne davantage et de diverses façons pour permettre de conquérir et de conserver les marchés, ainsi que pour renseigner en permanence les fermiers dans le but d'obtenir la production souhaitée.

La création, sur l'initiative du gouvernement fédéral, en avril de cette année, du Comité de la folle avoine est un parfait exemple de coopération entre tous les niveaux de gouvernement, les industriels et les fermiers pour essayer de mettre fin à la perte annuelle de 100 millions de dollars que subit l'Ouest du Canada.

Mais les mesures prises pour accroître la production ont été freinées par des facteurs d'instabilité. L'irrégularité de la production, l'incertitude des prix et des marchés et, par conséquent, des revenus agricoles ont entamé la confiance des fermiers de l'Ouest, si entreprenants de nature. Une plus grande stabilité permettra d'améliorer le niveau de vie des familles, de régulariser les revenus et de diminuer l'endettement.

En ce qui concerne les grains, l'objectif premier du gouvernement fédéral est de favoriser une plus grande stabilité, afin d'améliorer la position de force de l'Ouest sur le plan de la concurrence, et de faciliter la planification pour les fermiers en supprimant le caractère aléatoire du financement. Nous nous proposons de réaliser ces objectifs au moyen de mesures concrètes visant à diversifier et atténuer les effets néfastes de l'instabilité.

Non seulement la diversification accroît la stabilité du secteur des grains, mais elle élargit l'assise économique du développement et entraîne une création d'emplois dans les régions rurales et les zones urbaines.

Il existe ici, dans l'Ouest, d'importantes possibilités de diversifier la production agricole en augmentant les superficies consacrées à la culture des grains de provende, du blé, des céréagineux, et des plantes protéiques et en développant la transformation de ces deux dernières. Mais pour que ces possibilités deviennent réalité, il faut de nouvelles techniques de production et de transformation, un développement plus poussé, de meilleurs débouchés et des changements dans le domaine des transports et des coûts.

Il est certain que les coûts des transports ont considérablement évolué. La réduction accordée cette année pour le transport de la farine de colza de Thunder Bay vers l'Est et les fonds fédéraux octroyés aux minotiers de l'Ouest pour les frais de déchargement en cours de route place ces derniers et les fabricants de farine de colza dans une position plus concurrentielle. Le gouvernement a également entrepris, avec les spécialistes, des études approfondies concernant les mesures susceptibles de réduire, pour les fermiers, le coût des transports ferroviaires et des services de chargement par élévateur.

La stabilité inclut également les mesures destinées à prévenir l'instabilité. La nouvelle formule du plan fédéral relatif aux paiements anticipés a beaucoup contribué à réduire les inconvénients encourus par les fermiers encombrés par des stocks de céréales et dépourvus de liquidités. Le gouvernement va annoncer sous peu une nouvelle augmentation du maximum de \$6,000 pour les paiements anticipés, et travaille actuellement à un programme de stocka-

ge qui reconnaîtra les obligations des acheteurs en matière de garantie des approvisionnements.

Le gouvernement fédéral cherche aussi à procurer la stabilité aux producteurs de grains pour réduire les fluctuations qui affectent le revenu agricole tout en encourageant l'expansion de la production grâce à la diminution de l'irrégularité. Le régime fédéral-provincial d'assurance-récolte est un excellent exemple de ce qui peut être fait à cet égard. Selon les renseignements qu'a obtenus le fédéral relativement aux perspectives saisonnières et, en particulier, d'après nos données du 1^{er} mars concernant les ventes et les prix, qui comprennent également les quotas garantis et les prix initiaux, les producteurs de l'Ouest reprennent de l'assurance et l'expansion se poursuit. Les modifications apportées ce mois-ci à la Loi de l'impôt sur le revenu, qui permettent aux producteurs de grains de se faire payer comptant ou à terme pour leurs livraisons de grains, l'ont été uniquement pour donner aux agriculteurs de l'Ouest un moyen supplémentaire de réduire les fluctuations de leurs revenus en reportant leurs rentrées lorsque la vente est bonne ou les prix élevés.

Nous tous, qui travaillons d'une façon ou d'une autre avec les producteurs de grains de l'Ouest, savons que l'instabilité dans le domaine de l'agriculture peut avoir de très graves répercussions sur les revenus des familles agricoles et des localités rurales: elle freine la croissance des fermes. C'est pourquoi le gouvernement fédéral a décidé d'accorder, au cours de cette conférence, une attention particulière aux mesures de stabilisation et de diversification, ainsi qu'à celles qui visent à enrayer les effets de l'instabilité. J'ose espérer que nous pourrions nous entendre sur les stratégies les plus susceptibles de parvenir à cette fin.

A propos de la diversification, le gouvernement fédéral aimerait d'abord vous proposer, ainsi qu'à toute la population de l'Ouest du Canada, de vous aider à financer et à exploiter le Centre de développement des céréales et des oléagineux, à Saskatoon.

Il est disposé à payer 90 p. 100 des capitaux nécessaires pour construire et équiper un tel centre, jusqu'à concurrence de \$3,600,000, ce qui permettra de construire un centre de 4 millions de dollars.

De plus, le gouvernement fédéral pourrait payer la plus grande partie des frais d'exploitation évalués à un million de dollars au cours de la première année; il en paierait ensuite une fraction de plus en plus petite durant les quatre années suivantes. On pourrait négocier l'octroi d'une subvention de moindre importance pour les cinq autres années.

Il s'agirait là d'une des plus importantes usines pilotes au monde permettant d'évaluer le potentiel des cultures de céréales et d'oléagineux, et d'en favoriser le développement. D'autres pays, spécialement les États-Unis, mettent au point des techniques semblables, qu'ils appliquent à des cultures non canadiennes. L'industrie canadienne seule ne possède ni les connaissances ni l'élan requis pour rattraper ces concurrents. A titre d'exemple, signalons que, aux États-Unis, la consommation annuelle courante des produits à base de protéines de soja est maintenant d'environ 550 millions de livres, et augmente de 20 p. 100 par année.

L'usine pilote mettrait au point des techniques semblables pour les cultures de graines de colza, de tournesol

et autres qu'il reste encore à améliorer. Elle ferait également des recherches à l'intention des établissements de trituration de l'Ouest qui, jusqu'à maintenant, utilisaient les techniques américaines. Elle chercherait les moyens de faire des farines de colza et de tournesol des substituts plus concurrentiels à la farine de soja et à d'autres produits.

Le gouvernement fédéral est d'avis que cette usine pilote constituera la base d'une nouvelle industrie canadienne qui utilisera les récoltes de l'Ouest et offrira une possibilité de développement industriel dans cette région. Non seulement les agriculteurs profiteraient de la stabilisation qu'offre la diversification, mais il y aurait plus d'emplois pour garder les jeunes dans les provinces de l'Ouest.

Le deuxième projet de diversification dont parle le gouvernement fédéral est un Fonds de développement des nouvelles cultures, d'une valeur de 1 million de dollars.

Ainsi que l'a indiqué M. Whelan, le but de cette caisse est d'implanter et d'acclimater de nouvelles céréales et de nouvelles variétés à l'intention des agriculteurs canadiens. On a grand besoin d'une caisse spéciale de ce genre, or il n'existe rien. Le gouvernement fédéral a affecté, il y a à peine un ou deux ans, 10 millions de dollars à un Fonds de développement des marchés destiné à stimuler les débouchés pour les récoltes que nous produisons actuellement. Le nouveau Fonds de développement des céréales sera complété par le Fonds de développement des marchés, afin que nous puissions disposer rapidement des éléments nécessaires concernant les débouchés éventuels.

Les fèves faba constituent un cas typique. Par exemple, nous ne pensons pas que le marché japonais puisse absorber, chaque année, plus de 30 millions de boisseaux de colza destinés à la fabrication d'huile. En même temps que les fèves qui sont fort riches en protéines mais ne contiennent pas d'huile, nous pourrions vendre du colza et remplacer ainsi une bonne partie de la consommation japonaise de soja. Une telle initiative permettrait aux agriculteurs de l'Ouest de vendre au Japon davantage de colza, des céréales plus variées et des fèves.

Un autre moyen d'assurer la stabilisation consisterait, comme je l'ai dit, à atténuer les facteurs contraires. Il y a deux ans, le gouvernement fédéral a élaboré un plan destiné à prémunir la population agricole contre certains aléas du marché international. Il ne s'agissait pas d'un plan de revenu minimal garanti, mais d'une méthode qui aurait permis d'enrayer, dans une certaine mesure, l'incidence des fluctuations des ventes et des prix sur le marché international. Ces hauts et ces bas ne dépendent pas de la capacité de gestion des agriculteurs de l'Ouest qui, eux, ont besoin d'un minimum d'assurance en ce qui concerne la stabilité du revenu qu'ils tirent de la vente des grains.

Le gouvernement fédéral rendra public sous peu un nouveau plan d'assurance pour les grains qui comportera suffisamment d'éléments pour, à notre avis, vraiment profiter aux agriculteurs de l'Ouest.

La Commission canadienne du blé est d'une grande importance pour les agriculteurs de l'Ouest. Il faut que les producteurs de grains entretiennent des contacts étroits avec elle. Cet impératif est en partie réalisé grâce à la désignation d'un comité consultatif. Nous envisageons cependant de modifier la Loi sur la Commission canadienne du

blé afin que les membres du comité consultatif puissent être élus par les producteurs, ce qui assurerait une participation plus directe de la part de ces derniers.

La proposition que le gouvernement fédéral élabore actuellement au sujet de la commercialisation des grains de provende nationaux est un programme destiné à assurer dans une large mesure la stabilité qui n'existe actuellement que d'une façon embryonnaire.

Nous sommes tous d'accord sur un point, je crois: il règne actuellement le plus grand désaccord dans le marché non contrôlé des grains de provende. Plus des deux tiers des grains produits par les Prairies sont, en effet, consommés dans les fermes, échangés entre agriculteurs ou vendus aux moulins. Moins du tiers est remis à la Commission canadienne du blé. Ainsi la plus grande part de ces grains occasionne-t-elle une insécurité artificielle, tant pour les agriculteurs de l'Ouest que pour les producteurs de bétail de l'Est.

Dans le mémoire sur l'agriculture qu'ils ont présenté à la Conférence sur les perspectives économiques de l'Ouest, les premiers ministres ont donné une assez bonne définition des sujets de préoccupation.

Ils ont dit, en substance:

«Les prix des grains de provende hors quota dans l'Ouest ayant été très instables, il y a eu, à intervalles réguliers, des périodes de prix désastreusement bas, ce qui a entraîné de graves difficultés économiques pour les producteurs, provoquant une instabilité de la production du bétail.»

Ils affirment, et je cite:

«Un approvisionnement continu en grains de provende à des prix raisonnables est nécessaire pour toutes les régions du Canada, afin de faciliter le développement de l'élevage canadien.»

Et encore:

«Il faut que les politiques en matière de grains de provende ne faussent pas les avantages ou inconvénients régionaux en matière d'élevage du bétail.»

Le gouvernement fédéral retient cette évaluation du problème et y souscrit totalement. De plus, il aimerait approfondir votre jugement du point de vue de l'Ouest du Canada uniquement.

A l'heure actuelle, le marché non contrôlé est instable. En effet, en cas de surplus, en raison de la modicité des quotas, de nombreux producteurs de grains de provende sont obligés de se servir de leurs récoltes pour élever du bétail, alors qu'ils auraient souhaité demeurer strictement des producteurs de grains, parce que c'est dans ce domaine qu'ils sont le plus efficaces.

Le marché est instable parce que les éleveurs des Prairies qui achètent des grains non contrôlés peuvent subir les conséquences de l'instabilité des prix et des approvisionnements, avec les effets préjudiciables que cela implique pour la production du bétail dans l'Ouest du Canada.

Il est instable parce que, du fait de l'interdiction de transporter hors des limites de la province les grains non contrôlés produits dans la région désignée, des barrières artificielles empêchent le développement normal de l'élevage du bétail et de la production des grains là où c'est le mieux approprié dans la région des Prairies.

Dans le document remis à la conférence, les premiers ministres demandent

«Que soit adoptée une politique nationale des grains de provende, qui assurera un traitement équitable pour les producteurs de grains de provende et les producteurs de bétail dans tout le Canada.»

Le gouvernement fédéral souscrit totalement à ces vues sur la nécessité d'envisager une politique appropriée à ce sujet; mais étant donné que les organisations agricoles pourraient ne pas être d'accord même dans l'Ouest, c'est à nous de résoudre le problème.

Le Discours du trône du 4 janvier ne laisse aucun doute à ce sujet.

Je vais vous énumérer les principes desquels est parti le gouvernement fédéral pour élaborer sa politique nationale de grains de provende canadiens. Les voici:

1. Aucune région du Canada ne doit recevoir une aide artificielle qui jouerait au détriment des producteurs de grains de provende ou des producteurs de bétail au Canada.

2. Les secteurs des grains de provende et de l'élevage doivent pouvoir réaliser tout le potentiel de leurs atouts naturels.

3. Tous les utilisateurs de grains de provende au Canada doivent pouvoir se procurer de façon égale ces grains, conformément au principe de libre-échange

que nous revendiquons pour tous les produits dans l'ensemble du pays.

4. Les prix réels du transport, de la manutention et de la commercialisation peuvent entrer en ligne de compte.

5. Il faudrait trouver un système de commercialisation plus rationnel pour les grains de provende non contrôlés.

6. La politique intérieure concernant les grains de provende ne doit pas entraver la liberté d'action des agriculteurs.

7. La politique doit être conçue dans l'intérêt de l'économie canadienne.

J'espère que vous souscrirez à ces principes généraux et que vous en tiendrez compte dans les solutions que vous envisagerez.

Je voudrais profiter de cette occasion pour réaffirmer que, pour nous, la Commission canadienne du blé est indispensable à la commercialisation rationnelle des grains tant au Canada qu'à l'étranger. Toutes les politiques que nous proposerons confirmeront le rôle de la Commission, de façon à ce que nous puissions tenir notre rang en matière d'exportations, toujours posséder des renseignements sur les approvisionnements et garantir l'échange rationnel des grains.

L'INVESTISSEMENT ET LES INSTITUTIONS FINANCIÈRES

DÉCLARATION DE L'HONORABLE JOHN N. TURNER

MINISTRE DES FINANCES

Dans quelle mesure trouvera-t-on des fonds pour financer les investissements indispensables à la réalisation de notre objectif commun qui consiste à élargir les assises économiques de l'Ouest du Canada? Voilà l'une des questions d'importance majeure qu'examineront les participants à cette conférence.

Beaucoup d'autres régions du Canada partagent cet objectif, qui n'est pas l'apanage de l'Ouest. Je le considère, quant à moi, comme hautement prioritaire. Les mesures fiscales récemment approuvées par le parlement en vue d'aider à renforcer la position concurrentielle des fabricants et des industriels canadiens, tant à l'intérieur qu'à l'étranger, visent expressément à favoriser le développement des industries secondaires afin d'élargir les fondements économiques du pays dans son ensemble. Elles constitueront un puissant stimulant pour les industries de transformation de l'Ouest, à un moment où nous désirons dépasser le stade des produits bruts et semi-finis. Les mesures concernant les sociétés sont également importantes pour les petits fabricants de l'Ouest qui bénéficieront du faible taux de fiscalité de 20%.

Il ressort de l'étude sur l'investissement et les institutions financières élaborée par le gouvernement fédéral en vue de cette conférence, que nous avons parfaitement

réussi à édifier un système financier national fort et efficace permettant de mobiliser les épargnes des Canadiens dans toutes les régions du pays afin de financer les investissements qui sont indispensables à l'augmentation régulière de la production, de l'emploi et des revenus réels au Canada. Nous bénéficions du concours d'un grand nombre d'institutions financières contrôlées par des Canadiens et dont beaucoup, qui sont très importantes et compétitives à l'échelle nationale et internationale, font preuve de dynamisme et d'esprit d'innovation.

Même si le système financier national s'est largement développé au cours des dernières décennies, je ne voudrais pas prétendre qu'il est impossible de faire encore mieux. Je crois depuis longtemps, par exemple, que pour pouvoir accroître son ampleur et sa vigueur, il est nécessaire de songer à instituer à l'échelle nationale, un système de réglementation uniforme qui régirait les titres émis au Canada. Un système boursier est également nécessaire afin d'augmenter la liquidité des marchés secondaires où ces titres sont négociés.

L'une des préoccupations les plus constantes, fréquemment exprimée au sujet de notre système financier, a trait à l'insuffisance de l'offre de capitaux à risque permettant de créer et de développer de nouvelles entreprises. Ces

dernières années, l'entrée d'un grand nombre d'institutions dans ce domaine est venue remédier à cette lacune. La Corporation de développement du Canada créée par le parlement fédéral en 1971, commence déjà à ajouter une nouvelle dimension à ce marché, grâce aux intérêts considérables qu'elle a acquis dans trois sociétés de capitaux à risque, dont l'une a son siège social à Vancouver.

La Corporation de développement du Canada a été constituée afin d'aider à créer et à conserver des sociétés dynamiques, contrôlées et gérées par des Canadiens, dans le secteur privé de l'économie, et de donner aux Canadiens plus de possibilités d'investir dans le développement économiques du Canada et d'y participer. La Corporation a recensé six domaines dans lesquels elle projette de concentrer ses premiers efforts d'investissement et qui ont, tous, des incidences spéciales pour l'Ouest. Il s'agit de l'industrie du pétrole et du gaz naturel, des industries pétrochimiques, des mines, des pipe-lines, des produits pharmaceutiques et de l'industrie de capitaux à risque citée plus haut.

Les administrateurs de la Corporation de développement du Canada m'ont informé qu'ils avaient décidé, lors de la réunion du conseil, mardi, d'installer le siège social à Vancouver, en octobre prochain.

Nous admettons également la nécessité de soutenir notre capacité de stimuler l'expansion des petites entreprises canadiennes. Mon collègue, le ministre de l'Industrie et du Commerce, vous a déjà fait part de l'intention du gouvernement de créer une nouvelle société autonome de la Couronne appelée l'Agence bancaire et de développement pour l'industrie.

L'un des principaux critères de l'efficacité d'un marché national des capitaux est son aptitude à canaliser les épargnes des Canadiens dans des investissements où elles peuvent être les plus fructueuses et rapporter les intérêts les plus élevés en fonction de facteurs tels que le risque et la durée, indépendamment de l'endroit au Canada où se présente l'occasion d'investir. Les participants à cette conférence doivent tout particulièrement s'attacher à déterminer si notre système financier répond bien aux besoins régionaux particuliers de l'Ouest du Canada.

Tout indique, je pense, que, tout bien considéré, tant l'entreprise privée que les gouvernements de l'Ouest ont tiré des avantages considérables de leur aptitude à puiser dans les immenses ressources en capital que mobilisent, par l'intermédiaire des marchés nationaux, les institutions financières ayant leur siège social au Canada. Du même coup, celles-ci ont bénéficié des gains réalisés grâce aux possibilités de placement offertes par l'Ouest.

Lorsque nous avons examiné le fonctionnement des institutions financières canadiennes dans l'Ouest, nous avons présenté les faits au mieux de nos connaissances. Nous l'avons toujours honnêtement signalé quand les données étaient insuffisantes ou incomplètes. Nous avons aussi scrupuleusement indiqué tous les problèmes que nous avons rencontrés pour le rassemblement des données essentielles sur les mouvements de capitaux. En réalité, lorsqu'il est question de sommes d'argent, il est très difficile de remonter à la source et de déterminer leur utilisation finale. Les crédits accordés à des emprunteurs ne sont pas nécessairement dépensés dans la région où ils ont été obtenus.

Quoi qu'il en soit, les chiffres que nous avons pu rassembler indiquent que les quatre provinces de l'Ouest ont, dans l'ensemble, obtenu une part importante—en fait, plus que leur part proportionnelle—des ressources des principales institutions financières, augmentée et renforcée par les fonds mis à leur disposition par l'intermédiaire de divers programmes fédéraux de financement.

Par exemple, selon les statistiques que la Banque du Canada publie maintenant régulièrement sur la répartition provinciale de l'actif des banques à charte, le pourcentage des actions cotées détenues par les banques des quatre provinces de l'Ouest atteignait, à la fin de 1972, 33,6 du total national de ces catégories d'actions. Ce chiffre était proportionnellement beaucoup plus élevé que la population et le revenu personnel des provinces de l'Ouest réunies (environ 26%). Dans chacune des provinces, la part des prêts de ce genre est, elle aussi, proportionnellement supérieure au nombre d'habitants et au revenu personnel. En prévision de cette conférence, les banques à charte ont rassemblé et publié, pour la première fois, des données sur la répartition, au niveau provincial, des prêts et des dépôts. Il apparaît que, dans chacune des quatre provinces de l'Ouest, les prêts bancaires sont supérieurs aux dépôts, laissant un excédent net d'environ 1,25 milliard de dollars.

Il existe également dans l'Ouest un éventail d'autres institutions financières, notamment des sociétés de fiducie, des compagnies de prêts hypothécaires, des compagnies de financement des ventes, des compagnies d'assurance-vie et des caisses de crédit. Ces institutions se font concurrence et font concurrence aux banques à charte dans la prestation d'un grand nombre de leurs services. Les caisses de crédit qui existent dans l'Ouest du Canada en constituent un excellent exemple; elles se multiplient rapidement et, en 1970, leur actif s'élevait à près d'un million de dollars. Elles ont étendu leur activité en matière de prêt pour inclure des prêts commerciaux à terme. De plus, elles consentent maintenant beaucoup de prêts hypothécaires sur des maisons et un nombre de plus en plus grand de ces institutions ont été agréées comme prêteurs aux termes de la Loi nationale sur le logement.

De gros capitaux sont également mis à la disposition des petites entreprises des provinces de l'Ouest par l'intermédiaire d'une large éventail de programmes fédéraux. Nous en avons passé cinq en revue et nous avons constaté que, de 1967 à 1972, près de 59%, en moyenne, de tous les fonds alloués en application de ces programmes, soit près de 500 millions de dollars par année, sont allés aux provinces de l'Ouest.

Je ne m'étendrai pas davantage sur le développement du financement par les institutions spécialisées dans l'Ouest, si ce n'est pour ajouter qu'après avoir sérieusement étudié notre système financier, nous sommes convaincus que, dans l'ensemble, en ce qui concerne l'obtention des fonds nécessaires à leur développement, les provinces de l'Ouest ont été jusqu'à ce jour relativement bien servies par les secteurs public et privé, tant au niveau provincial que national.

J'accueille très favorablement les opinions avancées par les premiers ministres des quatre provinces de l'Ouest

dans leur document sur les institutions financières. Bien que notre analyse diffère de la vôtre sur certains points, nous vous approuvons pleinement lorsque vous affirmez qu'on peut encore améliorer les services financiers pour répondre aux besoins spécifiques de l'Ouest, et, le gouvernement fédéral, qui n'a cessé de chercher des moyens d'améliorer le système financier dans tout le Canada, poursuit ses efforts ici même.

Je voudrais à présent aborder la question importante que soulèvent les premiers ministres dans leur document. Est-il opportun de prendre des mesures pour encourager et faciliter l'établissement, dans l'Ouest, de nouvelles banques à charte à base régionale?

L'expérience de la Banque de la Colombie-Britannique depuis sa fondation, il y a six ans, indique que des institutions de ce genre comportent d'importants avantages. Cette entreprise ne s'est pas seulement révélée une réussite financière, mais, mieux encore, elle a fourni une source nouvelle et croissante de crédit pour satisfaire aux besoins de la région qu'elle dessert. Elle a participé à l'intensification du développement de Vancouver en tant que centre financier et, plus particulièrement, elle a conduit à la création d'un marché monétaire actif dans cette ville. Ce qu'il y a probablement de plus important, c'est qu'elle a encouragé les banques à charte nationales à avancer dans la voie d'une plus grande décentralisation de leurs activités pour faire face à la nouvelle concurrence, et notamment, à accorder plus de pouvoirs sur le plan légal et régional en matière d'octrois de prêts. Désormais, dans les banques à charte canadiennes, la décision d'accorder des prêts dépassant un million de dollars peut être prise au siège régional. En général, les sociétés de fiducie appliquent la même règle. Cela accroît considérablement l'influence et les pouvoirs des banques au niveau régional tout en permettant de satisfaire de façon appréciable et sensée aux besoins financiers des secteurs qu'elles desservent. Personnellement, je voudrais qu'il y ait plus de banques dans l'Ouest, et même en général.

Bien que le montant minimal d'un million de dollars de capital-actions exigé ne constitue par un obstacle réel à l'établissement d'une nouvelle banque, nous savons tous fort bien que peu d'entreprises de ce genre ont réussi au cours de la dernière décennie. C'est pourquoi nous avons décidé, l'année dernière, de réexaminer la position des gouvernements fédéraux successifs qui s'opposent depuis longtemps à ce que les gouvernements provinciaux ou autres détiennent des actions dans les banques à charte. L'interdiction à cet effet qui figure dans la Loi sur les banques avait été votée parce qu'on craignait qu'une participation des provinces à la propriété des banques entraîne des conflits susceptibles de mettre en péril la juridiction exclusive qu'exerce le parlement fédéral sur les

banques et les opérations bancaires en vertu de l'Acte de l'Amérique du Nord britannique.

Bien que nous ne voulions pas rejeter complètement le risque d'un éventuel conflit, nous avons trouvé que ce dernier était moins grand que les avantages importants qu'entraînerait la création de nouvelles institutions bancaires à base régionale. Ce point de vue est partagé par les premiers ministres provinciaux qui, dans le document qu'ils ont présenté à la conférence, «reconnaissent et appuient l'autorité législative exclusive du gouvernement fédéral sur les opérations de banque».

Le gouvernement fédéral est donc disposé à déposer devant le parlement une loi proposant la modification des articles 52 à 57 de la Loi sur les banques, afin de permettre à un gouvernement provincial et à ses organismes de détenir, au début, jusqu'à 25% des actions comportant un droit de vote dans une banque à charte nouvellement établie. Nous proposerons que la charte prévoie la réduction de ces avoirs, échelonnée sur une période raisonnable, à un maximum de 10%, soit la limite généralement établie à l'heure actuelle pour un seul actionnaire. Cette limite est fixée pour assurer qu'aucun actionnaire n'acquiert une influence ou puissance spéciale dans une banque. Cette nouvelle disposition s'ajouterait à la disposition de la Loi sur les banques qui autorise actuellement certains organismes d'une province à détenir jusqu'à 10%, en tout, des actions d'une banque, à condition qu'ils ne se prévalent pas du droit de vote qu'elles comportent.

Nous croyons que l'adoption de cette proposition permettrait aux gouvernements provinciaux de jouer un rôle catalyseur efficace en encourageant l'établissement de banques à charte à base régionale, tout en favorisant les investissements privés dans les opérations bancaires.

Afin de faciliter davantage la création de nouvelles banques, le gouvernement fédéral est également disposé à recommander au parlement que la constitution des nouvelles banques en corporation puisse se faire par lettres patentes. A l'heure actuelle, les banques ne peuvent être constituées que par une loi spéciale du parlement, processus qui peut s'avérer long, compliqué et coûteux.

Je crois que nous sommes largement d'accord sur les mesures à adopter pour amener davantage de fonds à financer l'expansion et l'élargissement de la base économique de l'Ouest canadien. Même s'il nous reste des divergences d'opinion à concilier sur des questions de détail, vous serez d'avis, j'espère, que les propositions que nous avons émises contribueront à l'essor de l'Ouest canadien, sans pour autant affecter l'unité du marché national des capitaux. En tant que gouvernement, nous continuerons à rechercher de nouvelles possibilités d'accroître le potentiel économique de l'Ouest et sa capacité d'attirer et de mobiliser les capitaux.

PART II

PARTIE II

DOCUMENTS

DOCUMENTS

The Working Papers in this Part appear in the order in which they were discussed at the Conference and, within this framework, in the order in which they were made public.

Les documents de travail sont ici présentés selon l'ordre du jour de la Conférence et selon l'ordre dans lequel ils ont été rendus publics.

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SOCIAL AND ECONOMIC OBJECTIVES OF THE WEST

Statement tabled by the Prime Minister of Canada, July 24, 1973

In January the Government of Canada proposed a Conference to explore with the governments and people of the West the possibilities and opportunities of this great region for economic and social development. In the words of the Speech from the Throne, the Conference was also 'to consider concrete programs for stimulating and broadening the economic and industrial base of western Canada.' There has been much speculation across Canada, and particularly in the West, on the motives which led the Government of Canada to propose that this historic meeting be held and that it be held openly before the people of the West, and the people of all of Canada.

We trace the roots of this Conference to our conviction, that Canada has reached an historic watershed. New opportunities are opening to Canada in the world of today and tomorrow which, can be of great benefit to all of us and to our children. But, we have come to believe, to take full advantage of these opportunities calls for a new approach to national development wherein our goal must be to seek balanced and diversified regional economies across the country.

Because of our conviction that the time had come for this reorientation of our approach to national development and because this change could be of special importance not only to removing some of the frustrations of the West, but to the whole future development of Western Canada, we concluded that the appropriate moment had arrived to invite the governments of the provinces to join with us in this Conference at Calgary.

It is perhaps useful to review for a moment the historical development of Western Canada. All Canadians have co-operated to produce a strong and independent nation, and the West has played a vital role in that process. For Canadians from all parts of Canada, the West has symbolized the land of opportunity, the place where sons could found their farms and fortunes; for so many new Canadians, it has been the place where they could find a richer, freer life. Thanks in large part to these opportunities in Western Canada and to those who took advantage of them, we have over the years built a rich and productive economy.

The role of the Government of Canada in developing the shape and structure of the West and of western Canadian society has been substantial. National support to railways, land and immigration was essential to the opening up of much of the West, and determined the pattern of

land settlement. Federal efforts were instrumental in finding some of the West's most important resources, and federal agricultural research created new resources and improved others. National commercial policies found markets for western primary products, and national transportation policies ensured that they were delivered.

These traditional federal policies helped to create a viable Canadian nation and the Canadian West. But their approach was centred, essentially, on the concept of regional specialization, with the West to be developed on the basis of its land and resources, and Central Canada on the basis of industrial strength. This approach did not foresee the possibilities of a fully developed society in western Canada with all the advantages which industrial and commercial diversification can bring. As long as the West was in its early stages of rapid settlement, perhaps even until the great depression began, the traditional pattern seemed appropriate and the very success of the undertaking—until then—prevented too serious questioning of the basic policies on which development was taking place.

With the depression of the 1930's came the first real set-back to western progress. While all parts of Canada suffered, the West had the hardest burden to bear. Its prosperity was founded on too narrow a base and almost totally at the mercy of conditions in the world at large. Governments then were only beginning to take the first small steps towards overcoming such economic disasters, and little happened in those years to change the fundamental position of the West, or the policies on which development was supposed to take place.

The brief prosperity of the years of the second world war relieved the problem for a time and since then, through periods of good times and not so good times, the traditional approach, in its essentials, has been the basis for policy. Many adjustments and modifications have been made to try to stabilize prices and incomes, to reflect the new resources coming into production in the West, to facilitate the role of the West as the great centre of resource development in Canada—wheat, oil, timber, but the adjustments were often, we must recognize, of an ad hoc nature and were not based on a new concept of the role of the West in Canada.

Much of the traditional approach is still of great advantage to Western Canada. The Government of Canada continues to support the building of new railways, new pipelines and harbours, and the development of air trans-

portation. Its research continues to help in the effectiveness of resource exploitation. Its work with other countries helps to ensure that buyers for Canadian products are available in the markets of the world. These efforts have helped to build all of Canada, but have had a special impact in the west. In the past ten years for example, population, employment and output have grown faster in the West than in Canada as a whole.

But these impressive gains obscure the many real western problems that must be overcome. These problems have been brought home most forcefully to the Government in the past months of listening and study. The West has had much to say to us. While western growth and prosperity, taken for the total region, have been reasonably good in comparison with the rest of Canada, neither the growth nor the prosperity have been evenly spread. The development of Western Canada has also brought profound change: farmers, miners, loggers and fishermen have come to produce more and thereby increased their incomes; others have been freed for work in the cities and at the coast, in newer and developing industries. The advantages of change have been obvious, but it has also brought difficulties. The dependence of the West on the extraction of primary resources, and of the Prairies on agriculture, have created the simultaneous appearance of growth and stagnation and have produced two striking contrasts: between rapidly growing urban centres, and declining rural areas and small towns; and between the rapid growth in urban Alberta and British Columbia, and low growth in Saskatchewan and Manitoba.

The growing rural-urban difference is apparent across the West and the situations it creates are evident in both growing and declining areas. In Manitoba and Saskatchewan, total population has grown slowly, but the large cities have continued to expand. In Alberta, urban population has grown by three-quarters of a million in twenty years, but there are thousands fewer people in rural areas. In British Columbia the concentration in the metropolitan centres is such that comprehensive land use controls are considered necessary. In the urban areas the need is to provide proper housing, schooling, health facilities, recreation and community management to a constantly growing and changing population. In the rural areas the need has been to maintain basic facilities as population declined.

The move from farm to city has been paralleled by a move from Saskatchewan and Manitoba to Alberta and British Columbia; a move from the farming areas to areas rich in oil, minerals and forests; a move from primary production to the production of lumber and paper, and to the transport and servicing of resource exports. These moves have produced new economic wealth but have often left less viable communities behind. As a result, many older people, who might have preferred to stay, have felt compelled to leave in order to enjoy the full range of community services they want and require. Younger people, too, have had to leave to seek a reasonable future.

And many people have been left behind, with no way of taking advantage of change as it has come. We think particularly of the native people in Western Northlands and in Northern Ontario as well. So many of them have

had so few opportunities. Our society has not yet been able to devise nearly enough employment opportunities which can provide them with a satisfying way of life. This is a national problem, but one with which the West is specially familiar. It may well be the most difficult to solve, for differences of race, culture and background are involved.

The historic reliance of the West on resource-based industries, on farming, mining and forestry, has produced a society which relies more than it wants to on others—for development capital, for supplies and for markets. Concentration on a narrow range of production, in particular areas, has meant that changes in international markets could destroy whole communities, or cause them to flourish. Heavy dependence on transportation and communications has meant that disputes which have little or nothing to do with the West could affect it greatly. As more and more equity capital has become necessary for development, economic control has appeared to many Westerners to have shifted away from them. In turn, apparently, this growing dependence on outside factors, on decisions made elsewhere, has led to this feeling that Westerners have too little occasion to influence their own destinies, too little chance to participate in the development of policies for all of Canada.

The federal government has undertaken studies over the past several years of problems of all parts of Canada and has concentrated particularly during the past many months on the problems particular to the West. Out of these studies has come the conviction referred to earlier, that ad hoc solutions have not been enough and that a substantial shift in direction is needed. During this same period certain trends in world development have become clearer and now seem to make possible a significant change in our approach to the development of Canada.

We all know of the increasing economic importance of the Pacific Rim, the rapid growth of world technology, and the increasing demand for food and raw materials. The growing importance of Japan, of south and east Asia generally and of Australia, the re-entry of China into the world economy, and the increasing shift of economic activity from the northeastern United States towards the west, are all factors shifting Canada's trade patterns in a westerly direction.

The record of growth in Asia particularly is impressive. During the sixties, while output per person grew by 3.6 per cent in Canada, national production in Japan and Korea, for example was expanding at two to three times this rate. Mainland China, especially since we extended Canadian diplomatic recognition three years ago, has become an increasingly important market for our exports. Here is a vast country where the increase in population every year is almost equal to Canada's total population, and one where expanded markets for our agriculture, industry and trade seem assured. The record of growth in other parts of the Pacific Rim is equally impressive.

If the sixties have been impressive, the prospects for the decade ahead are of even more significance for Canada. Some authoritative projections suggest that between 1975

and 1985 Asian population will grow, proportionately, as fast as North America's. During the same period the Asian economy is projected to expand thirty per cent faster. The lack of natural resources or the gradual using up of those resources, in so many parts of the world, is already raising the value of our own. It is also giving us an opportunity to seek greater access to world markets for those things we now manufacture—or more importantly, for increased manufactures in the period ahead.

At the same time rapid technological changes have altered the old concepts of where manufacturing must take place. New modes of transportation, some still in their infancy, new modes of instantaneous communication, new modes of directing and controlling great enterprises, all open up ranges of choice which were not foreseeable only a few short years ago.

The earlier world in which Canada first struggled for development is disappearing. No longer is it essential for our national survival to think of a single industrial heartland and a resource based perimeter. The new opportunities which present themselves for Canada in the world should permit us to move on to a whole new phase in our development in which the goal would be to seek balanced and diversified regional economies across our land. If this is a correct assessment of Canada's opportunities, then it is even more a correct measure of the West's opportunities for, in the West, we have the great resources waiting to be developed and processed, and the logical Canadian base to feed this great new westward orientation in the development of the world.

The material needs of high technology, the consumer demands unleashed by growing wealth, and the resources required by an industrializing Pacific Rim all draw attention to those Canadian resources which are concentrated in the West. The demand for fuels, for the products of farm and forest, and the ability to pay for them are growing. The recent trends in oil and gas prices are a powerful example of the improvement in the markets for our resource supplying areas. Our appreciation of the West's greatest resource, its agricultural land, is changing. The "green revolution" had raised the possibility that the developing nations would become self-sufficient in food, and reduce demands for western grain. In reality, this has not happened. The industrial revolution in Japan, Taiwan, Korea and elsewhere has raised incomes, changed tastes, and raised demands. Canadian grains and meat products would now seem to enjoy the long-term prospect of mounting exports of higher quality. The new Asian consumer wants, or will want, not only rice but wheat, barley, pork and beef.

The western Canadian producer must and will have the resources to expand production in step with these new demands and to maintain his competitiveness in these markets. We must seek, therefore, national policies that will support a joint effort by the federal and provincial governments to bring about the development of a balanced and diversified western economy. In this light, it would be useful to consider both the relationship of that goal to current western problems and the various difficulties which may stand in our way.

In so far as current western problems are concerned, the new national approach we suggest is clearly no panacea. The difficulties to be overcome are real and deepseated. They cannot be removed by waving a wand. On the other hand, if we can work to build in the West that more balanced and diversified economy, we will be working at the same time to provide solutions to many pressing western problems. Greater processing of agricultural products could take place in many centres across the prairies and help stem the outward migration. The total numbers employed in agricultural industries could well increase and provide the basis for a healthy rural economy. Greater processing of other resources could lead to new industrial centres or to the bolstering of many of the existing smaller towns and cities of the West now often dependent on a single industry.

It is difficult for people to sustain changes in their way of life at any time, but easier if there is general prosperity and a choice of opportunities. A growing and diversifying western economy could ease the strain of change and give greater choice to each individual, to families and their children. It could help those families who seek the choice, for their children, to stay nearby and yet have a real chance of useful employment.

The goal, therefore, would seem to be worth striving for. There is no question that the opportunities exist. There are, however, many obstacles in the way. We must be aware that the challenge they pose for us is complex. We will need to organize ourselves if they are to be fully exploited. We all know that the growing economies of the Pacific Rim are built to some extent on cheap labour and are not necessarily prepared to pay the costs of Canadian processing, so long as alternative raw material suppliers exist—and they do exist—in Indonesia, Asiatic Russia and Australia for energy and minerals, and in Australia, New Zealand and Argentina for agricultural produce. We are in competition with the world and have to think and act accordingly.

The new technology has two faces. Productivity gains often reduce manufacturing employment as fast as new opportunities are found. New means of transport can work to the benefit of either the sending or the receiving end of the line. When data can be available simultaneously in Winnipeg and Toronto, and travel by air is a matter of hours, the result may be that the western regional manager and his staff become unnecessary and that the western warehouse shows a loss. We are all aware of these considerations. We will have to bear them in mind in dealing with other countries. Within Canada, we will have to ensure that advances in technology are not misused to reinforce tendencies that may exist to centralize—unnecessarily—industrial activity or decision-making outside the logical region for development.

We must also examine our policies, not with the intent of taking away from one part of Canada so that another can receive, but with the intent of ensuring that all parts have the opportunity to fulfil their potential, with the full support of the federal government. At this Conference, we will be examining together many national policies and programs in this light. The federal government has already

found in its own studies many areas where policies need adjustment if the potential of the West is to be attained. These changes would in no way harm the rest of Canada. Rather, through helping the West take advantage of its opportunities, all of Canada would benefit. To reinforce the historic role of the West as a major source of ideas and ideals, of growth and change in Canada, is to increase the opportunities and the richness of life for all Canadians.

THE FOUR OBJECTIVES

Within the context of the goal of balanced and diversified economies in every region, we have examined a wide range of federal policies and programs which are related to the broad subjects on the Conference agenda. In doing so, it has seemed appropriate to think of four major objectives for the West:

1. Broaden the range of employment opportunities.
2. Seek more stable incomes.
3. Ensure a greater western voice in the development of national policies.
4. Seek the first three objectives with concern for the feelings of the individual.

We believe these objectives have a clear relationship to the many important questions the Conference will be considering.

1. Broaden the Range of Employment Opportunities

The first objective is to broaden the variety of employment opportunities. More variety of employment would allow a wider range of communities and of life styles. Communities as well as individuals could counterbalance the risks associated with a heavy concentration on agriculture or on non-renewable resources, or export activities. A wider base for western development would provide long-term insurance as non-renewable resources are gradually used up over the years. Attainment of such an employment objective would make it possible for Western Canada to be more in command on its own future, and better equipped to take part in the development of Canada as a whole.

To help achieve this objective, the federal government is ready to discuss a policy for the further processing of Canadian resource exports. This is an area in which we have recently made a major commitment in principle, but where success is dependent on provincial participation in working out objectives and on the collective cooperation of all provinces in the ongoing task of attaining them.

The recent federal proposal to establish a new loan and development agency for small business will have special value in the West. It will provide new employment possibilities through helping small business to respond to new opportunities.

Economic development depends on a comprehensive and adaptable transportation system. The National Transportation Act has within it the elements that can provide for

this, but we are now convinced that there must be a good deal more vigilance to make sure that its spirit is observed. We will be making important proposals affecting freight rates, highways and the work of the Canadian Transportation Commission, and on the way in which the federal government and the provinces can work together in future to seek solutions to problems in the transportation field.

2. Seek More Stable Incomes

The second objective is to seek more stable incomes. A major concern of most Canadians is a fair and steady income, and this should be a major objective of our western programs. Maritimers may often look at average incomes in the West, and wonder what the problem is. The Westerner would tell them that nobody is average, and that all too many problems are hidden by the bare statistics. Weather, international markets and labour disputes far beyond the West result in the individual being uncertain about income or employment from year to year. While the western provinces have often led in methods of income redistribution through social policy, there is perhaps a special emphasis in the West on policies which seek to provide sufficient economic activity and opportunity so that all those who are able to do so, may earn their fair share. The Government of Canada is ready to work with the provinces in seeking a more stable pattern of income.

In this context, the federal proposals in agriculture, for example, are concerned both with helping to stabilize the flow of income from certain important crops, and with seeking out other sources of income by increasing the variety of crops, the further processing of products and the development of new markets. For those regions which have been declining, our governments are already working together to develop co-ordinated approaches designed both to increase job opportunities and to stabilize incomes. The Government of Canada will be prepared at this Conference to undertake an even stronger commitment to this task.

We will propose that emphasis be placed on the Western Northlands, where fluctuations in the market for traditional products work a special hardship and where the lack of suitable employment opportunities is specially severe.

3. Ensure a Greater Western Voice in the Development of National Policies

Our third objective, a greater voice for the West, arises from listening to what so many Westerners have been saying. A pattern of stable and growing incomes would allow Westerners to own a greater share of western opportunities and, in consequence, to have a stronger voice in their direction. A more diverse western economy would lead to greater involvement of the West in determining its part in our national future. Its voice would be stronger and clearer—and better heard in the country as a whole. Our economic, social and political institutions at the national level must be made more aware of and more sensitive to regional aspirations and opportunities.

While such developments could provide part of the solution, they alone would not be enough. While the West has obviously had an important impact over the years on Canada as a whole, the nature of Canadian geography and the apparent feeling of so many Westerners that the federal government is too remote and too insensitive to regional needs, makes it imperative that everything possible be done to ensure that this greater western input, this greater mutual understanding is achieved. Finding a solution to this fundamental problem will not be easy, nor can it be solved overnight. We have some suggestions to make, and look forward to considering at this Conference proposals that others will present.

For our part we will be suggesting, for example, new means for ensuring greater western input to national policy development in a number of fields, including tariffs, transportation and industry. We also believe that the new co-ordinating role of the Department of Regional Economic Expansion will provide the basis, where major development opportunities are involved, for making national programs of the federal government sensitive to regional needs. DREE will be functioning largely in support of regional and provincial development strategies and will be decentralizing its operations. In addition, and in an area where a federal initiative can create only the possibility, we will be proposing a new framework for the development of regional financial institutions to help provide capital sources adapted to regional needs and, in turn, to make national institutions more aware of regional possibilities.

4. Concern for the Individual

Our fourth objective arises from the other three and affects all of them. The success of this Conference, and of the initiatives that begin here, will be judged by the success of our work together in broadening the range of choices available to individual Canadians within Western Canada. Our common goal in this regard is to open the possibilities; we cannot ensure a particular result. We can seek to improve the metropolitan environment, so that those who see their future in the great cities could find there greater social as well as economic opportunities; to offer urban living in smaller centres across the West so that the services and facilities of the city—with its possibilities of a varied cultural life—could be more accessible to all; and foster viable smaller communities which could offer the individual a real option between rural self-sufficiency and city living.

In particular we must be concerned about the future of the family farm. It is all too easy in our search for maximum efficiency to forget that so much of the great progress

that has been made over the years in Canada in agriculture has been brought about by countless thousands of individual farm families who have given their energy and their ingenuity to the task. Their spirit has had and continues to have not only a social value, but a practical economic value as well.

In general, when policies are changed to take advantage of opportunities, we must recognize that, often enough, we will be fostering changes that will affect the lives of many. Past changes have often, for example, had a pretty dreadful impact on the rural way of life. One of the major challenges before us, as representatives of the people, is to find the way towards greater development while, at the same time, doing whatever is possible to keep what is valuable in our way of life and easing the impact of change.

These then are the four objectives suggested as a framework for considering specific policy and program proposals, within the broad context of a new approach to national development. These objectives are, hopefully, sensitive to western needs and we will be most interested in hearing the views of the provincial Premiers on them. For our part, we are sure they would be acceptable to Canadians generally. Within the framework of such objectives, and the important subjects listed on the agenda for the Conference, it is hoped that we will be able to examine together during these three days the many possibilities for the West that have been or will be proposed by the federal and provincial governments, and reach decisions which will be of lasting benefit.

In spite of the urgency we all feel, our objectives are necessarily long range simply because they are so fundamental. They will not be achieved overnight. Nevertheless, the actions agreed upon here in Calgary will start us on the path to their attainment, and in such agreements we can give expression to our sense of urgency.

The very fact that the objectives are fundamental, with long run consequences, implies a strong commitment on the part of the federal government to work vigorously with the provinces, in attaining them. Our commitment is to long term involvement. The provinces cannot do the job alone—neither can the federal government. Together, with the participation of the people of the West and of all Canada, it can be done. This conference will not, it goes without saying, be able to deal fully with all the problems that will be identified and considered. But we are sure that significant progress will be made. Our progress will be all the more significant if, at the outset, we commit ourselves to continue the work together: plan together, consult together, and act together with great dedication to the citizen, to the people of the West and to the future of our country.

TRANSPORTATION

Jointly submitted by

The Honorable **ALLAN BLAKENEY**, *Premier of Saskatchewan*

The Honorable **DAVID BARRETT**, *Premier of British Columbia*

The Honorable **EDWARD SCHREYER**, *Premier of Manitoba*

The Honorable **PETER LOUGHEED**, *Premier of Alberta*

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THE ISSUE

No single element has more consistently challenged the policy-makers of Canada over the years than has the subject of transportation. The provision of adequate transportation was one of the considerations which had to be resolved to ensure the inclusion of the Atlantic Provinces in Confederation. It was part of the agreement leading to the entry of British Columbia into this nation. It was one of the demands made by Louis Riel during his abortive attempt to draw attention to the aspirations of his people. Since the turn of the century, on the average of once every

ten years, Canada has appointed a Royal Commission to investigate and hopefully resolve the transportation problems of the nation. This approach has failed.

The national railway system was built to unify and develop a nation. It traversed a region from the settled east to the Pacific, an area rich in resources and potential which lacked people and capital. In the interest of Canada, at that time, and in the interest of the carriers, a rate structure developed to move raw materials out of, and manufactured goods into, the region. This differential pricing based on the historical railway monopoly still exists today. A national transportation policy that promotes re-

gional development is required to change the transportation system to meet western needs.

In addition to the historic differential pricing, the federal policy that the user pay the cost of transport services, including those provided at public expense, does not apply equally to all modes of transport. Users are forced to absorb different proportions of the total cost of rail, water and air systems. Rail users pay the highest proportion of these costs and as a result false levels of competition are created.

The underlying philosophy of the National Transportation Act (1967) is to rely on carrier competition to control rates. The lack of competition in certain regions in the West places railways in a position of significant monopoly, leading to rail rates and pricing policies which are a major barrier to economic development and diversification. This does not imply that increased competition alone would resolve all the transportation problems facing the West.

Transport problems that hinder economic development are complex. They may be described in terms of the total cost to the user of transportation, in terms of rate relationships, and, in terms of availability of competitive services and facilities. Federal, provincial and carrier policies must interact to provide a system that does not discourage regional development and that treats all modes of transportation similarly. Such policies should also produce a transportation system that is viable and has the capability and incentive to innovate in meeting the demands of both the national and western Canadian economies.

Rate problems affect the viability and development potential of industry in any region. The following specific problems require immediate action:

(1) Federal Contribution to Fixed Cost of Transportation

It has been estimated by the President of the Canadian Transport Commission that, on average, rail users pay approximately 80% of the fixed costs while air and water users pay approximately 20% of such costs.

(2) Raw Material vs. Finished Product Rail Rates

Railways base many rates on the value of the products transported. Finished goods are therefore charged higher rates than raw materials. Rate differentials between raw materials and finished goods often favour a flow of raw materials to foreign countries and result in a loss of Canadian employment and manufacturing opportunities.

(3) Rail Rate Groups

Many communities in Central Canada are grouped for rate-making purposes and considered as one location. This policy encourages development in the smaller centres. Generally, the smaller towns of Alberta, British Columbia, Manitoba and Saskatchewan do not enjoy this benefit.

(4) Horizontal Percentage Increases

Inflationary trends have resulted in general rate increases. As railway cost escalation occurs primarily in

labour-intensive terminal operations, the horizontal percentage technique used in applying these increases has placed a disproportionate burden on western non-competitive traffic.

(5) Long and Short Haul Discrimination

In certain instances higher rail rates are charged for short hauls than are charged for longer ones involving the same commodity. These relationships seriously affect the regional distribution and viability of regional industry.

(6) Port Access and Facilities

Port access and port facilities are inadequate to meet the growing needs of western Canadian commodity movements.

(7) Federal Sales Tax

Federal sales tax is applied on the cost of transporting eastern inputs to western manufacturers while it does not apply to the costs of transporting finished products.

The Western Economic Opportunities Conference has been called by the federal government "specifically to consider concrete programs for stimulating and broadening the economic and industrial base of Western Canada". One of the most dramatic and effective ways to do so is for the federal government to commit itself to new transportation policies to overcome the aforementioned inequities and hence significantly stimulate and broaden the economic and industrial base of Western Canada. This will do a great deal towards assuring that the western region of Canada reaches its full potential in Confederation for the benefit of all Canadians. Concrete programs and new policies in transportation are an essential conclusion for this Conference.

PROPOSALS

The four Western Premiers make the following proposals to overcome these inequities.

(1) Changes in National Transportation Policy

National policy must recognize that an efficient and adequate transportation system, making the best use of all available modes of transportation, is essential for the economic and social well-being of Canada and its various regions. National transportation policy must recognize that competition at present acts unevenly between the various regions of Canada and between large and small users of transportation services. As a consequence, the development of the western region of Canada is inhibited by the lack of positive policy direction and the discrimination inherent in our present system of freight rates.

Therefore, Section 3 of the National Transportation Act should be restated to clearly place regional economic development as one of the basic objectives of national transportation policy.

(2) Cost Disclosure

To evaluate the present rate structure and to develop an unprejudicial system of transport pricing requires full public disclosure of costs of all modes of transportation.

To ensure that such information is considered in terms of regional requirements, it is proposed that the federal government and the governments of the four western provinces establish a "Western Transportation Evaluation Authority" to be located in Western Canada. The Authority would evaluate cost data and consider the effect of rate structures, regulations or facilities on the regional economy. It would report to a "Western Canadian Transportation Policy Committee" comprised of Ministers of the four western provincial governments and the federal government. The Policy Committee would set regional criteria for decision-making and would identify areas for evaluation and research.

(3) Pricing for Regional Development

To utilize cost information which will be available, a new approach to rail pricing is required which involves:

- (a) A federal contribution to the fixed and overhead costs of comparable proportions for all modes of transportation.
- (b) The establishment of a new rate-setting procedure which will promote the economic development of Western Canada. This pricing policy is to be developed by the Western Transportation Evaluation Authority to be established immediately.

The terms of reference for the project will include examining and reporting to the Western Canadian Transportation Policy Committee by December 31, 1973 on (1) The Equitable Pricing Proposal, (2) The Destination Rate Proposal, and (3) other specific proposals that may be developed.

Every effort must be made to ensure that local western industry is protected and that no part of Western Canada is unduly disadvantaged by the implementation of a new pricing technique. This requires the completion of in-depth impact studies before any new method becomes effective. Export rail rates must be protected and Statutory Grain Rates maintained. The Western Transportation Evaluation Authority will coordinate the implementation of any new pricing technique.

In addition to the federal commitment to the development of a new pricing technique, federal concurrence is required now in the following matters:

(a) Rail Fixed and Overhead Costs

The federal government will absorb a substantial portion of rail fixed costs by acquiring the rail roadbed and right-of-way, thus making the total facility a public road system and equalizing the federal contribution to the fixed costs of all modes of transportation.

(b) Competition and Joint Running Rights

The federal government will establish a public roadbed that will permit railways or private carriers to compete on the basis of their operating efficiencies and services offered. Effective competition would be promoted by joint running rights and the potential for private train operations.

(c) Rail Rate Groupings

There must be provision for the protection and expansion of rate groupings that allow for economic diversification of western primary and secondary industry.

(d) Branch Line Abandonment

Rail nationalization and branch line abandonment will be a matter for consideration by the Western Canadian Transportation Policy Committee and the Western Transportation Evaluation Authority. They will see that the required consultation takes place between federal and provincial governments before any changes are made in the system. Consideration by these bodies must ensure that:

- (i) the criteria for any abandonment take into account costs which might be transferred to any person, organization or government and not just the savings that could accrue to the railways.
- (ii) the programs provide for compensation to individuals and local and provincial governments for any additional costs they will incur in providing alternate services.
- (iii) any clearly essential rail line abandonment is only carried out on a planned and phased timetable.

(4) Ports and Improved Facilities for Offshore Traffic

The policy of the federal government should be to develop new facilities and to upgrade existing ones in line with requirements for handling the growing movement of commodities to and from the region. To implement such a policy the federal government must take positive action in consultation with the provinces toward development of the ports in the Vancouver area, Prince Rupert and Churchill. Further, it must restructure the National Harbours Board to reflect more fully the needs of the region.

Western Canada requires that further port facilities be developed and action taken at such sites as Prince Rupert, British Columbia and Churchill, Manitoba:

(a) Prince Rupert

- (i) Port facilities at the fairview site at Prince Rupert require the provision of terminals for general cargo, grain, forest products and other products of Western Canada. Plans for such development have been completed and bids have been submitted for site preparation. The awarding of contracts requires only approval of the federal Treasury Board.

The four Western Premiers strongly recommend that the Treasury Board approve this expenditure so that work can begin immediately.

- (ii) The Western Premiers also recommend that bulk loading facilities be developed and equipped immediately at Ridley Island, provided that ecological studies show there would be no significant damage to the environment.

(b) Churchill

- (i) Dredging the harbour, turning basin, and providing berths to at least 40' depth including relevant wharf shorting and/or construction.
- (ii) Raising of the grain gallery to accommodate large vessels.
- (iii) Construction of a causeway or some other tidal barrier to remove the problem of slush ice.
- (iv) Provision of adequate tug and cargo handling facilities.
- (v) Establishment of a modern resupply shipping operation based at Churchill.

(c) Port Access

In order to promote greater flexibility of the western railway system and remove bottlenecks in the region's rail access to seaboard, the federal government should:

- (i) Construct a rail cut-off between Ashcroft and Clinton to connect the B.C. Railway with the CPR and CNR lines.
- (ii) Provide financial support to upgrade the B.C. Railway between North Vancouver and Clinton in order to handle additional traffic diverted via this route.

RESOLUTION OF FURTHER TRANSPORTATION ISSUES

In recognition of the complexity of the subject, the provinces have attempted in this paper to express the issues in as simple terms as possible.

This paper has resulted from extensive discussions among ministers of the four western provinces who have available further background material. Commitment by the federal government to the proposals in this paper is sought at this Conference.

In view of the time constraints of the Conference, the western provinces have restricted this paper to issues of basic priority. Federal government action is also required to resolve many air, highway and other transport problems which have been identified by the provincial governments as critical to regional economic development in Western Canada. The Premiers of the western provinces request that the federal government pursue the resolution of these other transportation issues at the ministerial level through the Western Transportation Policy Committee.

CONCLUSION

Mr. Prime Minister, your Government provided the initiative to bring us together here today. On our part we welcome this opportunity and in this paper have outlined, as clearly as possible for you and all Canadians, the priority issues in transportation that require immediate action. We have also proposed the principles that will help to correct this traditional obstacle to growth in Western Canada.

We now invite you to join us in the endorsement of these principles so that our collective leadership and resources can be applied to developing a transportation system that treats all regions of Canada as equals and therefore will allow Western Canada to reach its full potential in our nation.

TRANSPORTATION

This background paper has been prepared by the Government of Canada for the Conference on Western Economic Opportunities, Calgary, July 24-26, 1973. This analysis provides a basis for discussion of issues with the western provinces at the conference and for substantive proposals which will be presented at that time.

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INTRODUCTION

Transportation is a particularly important element in the unique blend of factors which have shaped and developed the national fabric of Canada. It is, of course, essentially a service industry, responding to the demands of production and consumption in the economy and the requirements of social interchange. In this context, the industry can be appraised in terms of its cost and adequacy of service.

At the same time, transportation can also serve as a powerful instrument in support of regional economic and social development. Clearly, however, it must not be regarded as the only policy instrument. Policy initiatives in the industrial, commercial, agricultural, mineral resource and financial areas may prove more effective and of more lasting benefit in the achievement of development objectives than simplistic reliance upon the transport instrument alone. Before transport is used as a policy instrument, the alternatives should be considered; when transport is used as a policy instrument it should be in harmony with other initiatives.

Acceptance of the principle that transport can and should be used, when appropriate, as a development policy instrument, implies that transport policies should be responsive to demonstrated social and economic needs. These needs are likely to change over time with changes in economic structure of the region. It follows that the responsiveness of the transport system will involve the continual identification of new issues and an accompanying search for specific solutions. Transport policy, in short, must be dynamic and on-going, rather than fixed and unchanging.

In Canada, however, the identification of needs and the development of policies and programs aimed at meeting such needs cannot be done effectively by any one level of government acting in isolation. Transport initiatives must blend with and complement initiatives taken in other areas by both federal and provincial governments. Further, jurisdictional responsibility for various parts of the transport industry rests at separate levels. Consequently, extensive harmonization of federal and provincial policies is required both to identify problems and to implement programs.

The National Transportation Act of 1967 establishes "efficiency" and "adequacy" of the transport system as the goals of transportation policy. The concept of adequacy has to be interpreted as requiring that the transport system must be adequate to encourage social and economic development both in a national and regional context. Thus regional goals and objectives emerge increasingly as criteria against which the performance of the transport system is to be judged. Implicit here is a concern with the cost of transport to the users—passengers, shippers and consumers.

The concept of efficiency involves two inter-related principles. In the provision of facilities, the regulation of activities or the subsidization of services, efficiency requires the best possible balance in the use and treatment of all forms of transport—road, rail, water, air and pipe-

line. This implies directly that public policy initiatives should foster, not restrict, the ability of the transport industry or of any part of it to control and lower costs, to raise investment funds, and to take advantage of improving technologies.

The policy approach adopted in this paper stems from all of these fundamental considerations. Issues of specific concern are reviewed against the background of needs and in the light of the difficulties and handicaps perceived by the western provinces as constraining economic and social development in the West. To the extent that these problems can be clearly identified and appraised, specific approaches to positive solutions are then outlined. Attention is also paid to the functioning of the regulatory system provided for under the National Transportation Act.

TRANSPORTATION PERSPECTIVE

Transportation is essentially a service function. As such, policies and programs can be used as instruments of regional development policy, but to be effective they must relate to a set of clear goals and objectives in the area of western economic and social development. In this respect, transportation initiatives and policies should be considered in conjunction with other government initiatives designed to promote regional development.

The federal government's preparation for the Western Economic Opportunities Conference has, therefore, focussed on the inter-relationships between the transportation sector and the various production sectors contributing to regional development. Appendix I, attached to this paper, outlines in summary form the implications of transportation to the major sectors of agriculture, industrial and commercial development, and resource development. This summary, drawn from the more-detailed federal papers relating to these subjects, highlights the concept which is the basic theme of this paper, that the use of transportation as an instrument of regional development is most effective when it responds, in specific fashion, to the objectives developed and stated in these sectors, and when used in a complementary way with the other tools available to assist regional development.

In day-to-day practice the functioning of the transportation system involves many complex and varied relationships. It is essentially a delicately balanced system which utilizes rail, highway, air, water and pipeline modes in both a complementary and competitive way. The alteration of policy and regulatory practices within this framework often has wide-sweeping results not always positive or contained within the area to which they were intended. Thus, for example, a program designed to reduce the burden of transportation rates through lowering or adjusting rail charges, will have a direct and important effect on the trucking industry. This in turn may lead to a long-run deterioration in the competitive situation which, in itself, is a significant determinant in the level of freight rates.

The transport process is further complicated by the range of jurisdictional and functional responsibilities which characterize the industry. In general terms, gov-

ernments have assumed responsibility for infrastructure requirements, including air terminals, ports, highways and enroute control facilities. The major exceptions to this are the nation's rail lines, to the extent that they are built and maintained by the railway companies.

Governments also assume responsibility for the regulatory process. Within this division, the federal government has the major responsibility for air, rail, pipeline, and marine transportation, while the provinces have the primary responsibility for highways and highway transportation.

The operating aspects of transportation, including the provision of most vehicles, are roles that tend to be performed by the private sector. Here again, the basic diversity of the industry is emphasized by the presence of several large crown corporations, both federal and provincial.

This jurisdictional and operational fragmentation complicates and makes difficult the process of reaching the optimal or best solution in all cases. The necessary tools often do not rest solely in one jurisdiction or with one particular form of transport. Problem-solving in this area would be greatly facilitated if a mechanism were established to ensure the co-ordinated efforts of both federal and provincial levels of government to eliminate these jurisdictional limitations, not just in the transportation field but in other areas relating to the particular goal as well. In addition, it requires conscious effort at responsiveness by the operators in the private sector.

The National Transportation Policy must be regarded as one important cornerstone in achieving desired results in the transportation area. It was designed to provide a flexible instrument, capable of responding to regional needs—needs which vary across the country, depending on the nature of social requirements or the stage of development in resource, agricultural and industrial sectors. The diversity of these regional needs requires meaningful discussion between federal and provincial governments to ensure not only the adequacy of facilities and services, but also the timeliness of the provision of facilities and service, so as to maximize the transportation contribution to objectives of regional development.

In responding to declared western concerns in the field of transportation, the federal government is necessarily subject to the constraints imposed by the needs to ensure a reasonable degree of compatibility between regional and national policy, the inter-regional impact of new policy initiatives, the level of capital expenditures and subsidies which may be contemplated and their relationship to overall national fiscal priorities. Nevertheless, the federal government does believe that National Transportation Policy can and must be regionally responsive.

TRENDS IN TRANSPORTATION

(a) Changes in the Application of Transport Policy and Regulation

Federal organization for regulatory and policy issues has developed during the last 35 years to keep pace with the changing transportation scene in Canada.

Prior to 1938, the Board of Railway Commissioners was the only federal transportation regulatory authority in Canada, dealing exclusively with railway issues. From 1938 to 1944, under the new name of Board of Transport Commissioners, it dealt with Air Transport as well.

In 1944, the Government set up the Air Transport Board to focus on Air Transport issues, and in 1947, established the Canadian Maritime Commission. Both the Air Transport Board and the Canadian Maritime Commission were more administrative bodies rather than judicial, as was the role of the Board of Transport Commissioners.

During the 1950s, the railways had to respond to a series of heavy wage demands, resulting in a succession of applications for general freight rate increases. Early in 1959, a railway request for a further 12 per cent increase resulted in the government: (a) appointing the MacPherson Royal Commission on Transportation (b) forbidding authorization of further increases in the general level of rates pending receipt of the Commission's report and (c) passing the Freight Rates Reduction Act which provided the railways with a \$20 million subsidy for the fiscal year ending March 31, 1960, and provided for a roll-back of increases authorized in December, 1958.

In 1961, upon expiration of legislation which froze railway wage rates, the government provided for an additional \$50 million subsidy to that already granted the railways under the roll-back. The level of subsidy rose progressively with time and for the financial year 1966/67 amounted to some \$110 million.

The recommendations of the MacPherson Commission provided for consideration of railway burdens imposed as a public duty, and for the concept of competition to act as the regulator of freight rates.

In 1967, the National Transportation Act abolished the Board of Transport Commissioners, the Air Transport Board, and the Canadian Maritime Commission, and established the Canadian Transport Commission. The Canadian Transport Commission consists of not more than seventeen members appointed by the Governor-in-Council. In addition to the duties previously carried out by the BTC, ATB and CMC, the CTC was given jurisdiction over commodity pipelines, and acts as a court of record for all modes under federal jurisdiction.

To complement the changes made in the approach to economic regulation, in 1970 changes were also made to the structure of the federal Minister of Transport's portfolio with respect to the development and administration of transportation policy and programs. These changes ensure that transportation which falls under federal jurisdiction, or is heavily influenced by federal financing, is responsive to other goals of the government in economic or social terms. The revised structure is based on the concept of a ministry that controls and co-ordinates all of the agencies, whether of an operating, development, or technical regulatory nature.

The operating agencies of the Ministry of Transport have been progressively decentralized. At the present time the air administration has regional administrators located in Winnipeg, Edmonton and Vancouver. Marine services

has a regional administrator in Vancouver, which is also the location of the National Harbours Board member for the west coast. Air Canada and Canadian National Railways have vice-presidents stationed in Vancouver and in Winnipeg, Edmonton and Vancouver respectively.

(b) Transportation Infrastructure and Services

The transportation scene in the West and in Canada generally has undergone considerable change over the years.

Ton miles of commodities originated by rail in Western Canada have increased by 62.3 per cent from 1968 to 1972, with increases ranging from 13.2 per cent in Manitoba to 106 per cent in B.C. The total increase for Canada was 35 per cent for the same period. (See Appendix II).

The period 1958 to 1970 was one reflecting changes in rail freight rates, mix of traffic and heavier rail car loadings. Appendix III shows increases or decreases in average freight revenues per ton mile and car mile for inter and intra-regional movements as defined under the CTC waybill analysis.

With respect to road transportation, surfaced highways in Western Canada have grown from 5,136 miles or 20.7 per cent of total Canada in 1950, to 23,995 miles or 32.6 per cent of total Canada in 1969. Commercial vehicle registrations have risen in Western Canada from 258,037 or 40.2 per cent of Canada in 1950 to 689,039 or 40.6 per cent of Canada in 1970. Appendix IV shows the growth of Class I, II, and contract carriers in Manitoba, Saskatchewan and Alberta for the period 1961 to 1969.

Marine transportation serving Western Canada is concentrated at Churchill, Thunder Bay and B.C. ports. Loadings and unloadings at these ports were 83.9 million tons in 1969, up 128 per cent from 36.8 million tons in 1953.

The growth of oil pipelines became significant in the 1950s and by 1964 oil pipeline mileage was 11,744. By 1969 a further increase of 31 per cent resulted in oil pipeline mileage of 15,417, not including the gathering lines within producing fields.

Dramatic changes have occurred in air transportation over the last decade. Appendix V shows the number of arriving passengers on scheduled domestic and international services from 1963 to 1970, and shows a five-year growth rate at western Canadian airports from 1966 to 1970 ranging from 9.7 per cent to 19.0 per cent as compared to 10.9 per cent for Toronto and 9.7 per cent for Montreal. The regional carriers, Transair and Pacific Western, carried 1.1 million passengers in 1970, an increase of 470 per cent over 1960, and had an increase of 514 per cent in passenger miles. As well, freight carried by both airlines increased 340 per cent from 1961 to 1970 and they more than doubled their staffs to 1805 in 1970.

Air Canada and CP Air have also increased their capacity in Western Canada through the operation of more non-stop service, greater frequencies and larger capacity aircraft. In the last year Air Canada has increased capacity 33 per cent between Regina and Calgary, 50 per cent between Saskatoon and Calgary, 145 per cent between

Winnipeg and Montreal, and 100 per cent between Regina and Toronto.

Clearly, the demand for transportation services by all modes for passenger and freight has increased in Canada and in the West, with some modes showing significantly higher growth rates in the West compared to the rest of Canada.

TRANSPORTATION PROBLEMS

(a) Rail Freight Rates

The significance of freight rates to the economic development and prosperity of Western Canada is fully recognized. In this context a number of general and specific issues might be considered. A key question, for example, is: What adjustments in the existing freight rate structure would be appropriate to fulfill the objectives of (1) removing identifiable anomalies, such as higher intermediate rates to prairie points, and (2) encouraging the growth of resource-based secondary industries. It is clear that whatever answers are proposed to this question, the effect on the competitive position of the trucking industry and the impact that such proposals have on related industries both within the region and nationally will be important considerations.

This is not a new question. Rather, it is one that has been struggled with over the years and reviewed by a number of special inquiries and Royal Commissions. Experience gained from these examinations suggests that the best approach to positive action would be to focus upon the identification of specific problems. This approach would permit an appraisal of the effects of existing rates on commodity movements with a view to implementing selective modifications in rates that would most appropriately meet the requirements of the western shipper and consumer. In following this course, however, it must be recognized that existing rate structures reflect in a general way the fact that the railways have to achieve a balance between their costs and revenues, taking into account the total spread of their operations and differing degrees of competition. Competition, moreover, has to be viewed in a much wider context than the transportation industry itself. In addition to truck/rail competition and competition between railways, market competition in the form of competing supply sources, both foreign and domestic, has an important impact on feasible rate levels on both a regional and product basis. These competitive features contribute to the delicately balanced regional transportation system which has, with certain exceptions, tended to respond to the requirements of most existing commodity movements.

It must also be recognized that within each region the trucking industry, by virtue of its continuous growth, has exerted a considerable competitive influence on rail transportation and has assumed an increasingly important service function. On an inter-regional basis, growth has been less dramatic; nonetheless, for certain commodities truck transportation has assumed a vital position in meeting western transportation needs. Additionally, on north-south

linkages, where the railways are less dominant, the trucking industry performs an essential role in the western economy. In contemplating policy changes or specific rate actions the question remains: How can governments ensure continuing growth of the motor carrier industry as an effective competitor to the railways while at the same time meeting legitimate regional goals?

Despite the rate-making freedom generally conferred by the National Transportation Act, there is a parallel burden of responsibility placed upon carriers under the jurisdiction of the Canadian Transport Commission to safeguard the public interest. On the one hand the federal government has provided substantial relief from the burdens of uneconomic passenger services and branch lines, while on the other the recent decision by the Canadian Transport Commission on the Rapeseed Case should be viewed as a clear indication that a freight rate policy on the part of the railways which does not reflect their assumed responsibility under the National Transportation Act will not be condoned.

(b) The Regulatory Framework

The essential criticisms levied against the regulatory process as practiced under the National Transportation Act is that it tends not to be regionally responsive, is too slow and, in many cases, too costly.

The National Transportation Act established the regulatory framework for transport industries under the jurisdiction of the Parliament of Canada. The general principle is one of fostering the efficiency of transport systems through the widest possible reliance on competitive forces. However, the Act contains provisions for the protection of shippers where transport competition is absent ("captive shipper" provision) and where railways' rate-making practices are inconsistent with public interest. The effectiveness of these provisions is becoming fully apparent as the cases before the Commission are being decided. The recent decision (June 27, 1973) in the Rapeseed Case is the first one relating to an appeal made under the public interest clause.

The concern that the National Transportation Policy is not sufficiently responsive to regional needs is real and must be recognized. The question of whether or not the existing policy as stated in Section 3 of the National Transportation Act is adequate in its direction and interpretation to be the regionally responsive instrument it was intended, must also be answered.

As stated earlier in this paper, the National Transportation Policy was designed to be a flexible instrument capable of responding to differing sets of regional needs. It is recognized that in a country as large and diverse as Canada, where population densities vary markedly, where industrial development is at different stages and where the natural basis for economic growth is substantially different, the needs that transportation policy must serve will equally differ.

The key to whether or not the National Transportation Policy, as currently stated, can be the regionally responsive instrument it was intended to be, must be found in the interpretation of public interest as enunciated in the

National Transportation Act. Through this, the adequacy principle is taken to mean that a transportation service or facility must meet the realistic needs of social and economic development on both a national and regional basis. Regional economic goals in the economic and social sectors are, therefore, legitimate criteria against which the performance of the transportation system in any area of the country is to be judged.

The concern with costs and length of time taken to decide rate appeal cases is one which the federal government and the Canadian Transport Commission fully share. This concern led to the Minister of Transport on June 1, 1973, issuing a request to the Commission to advise him on the possible steps which can be taken to improve the procedures in rate cases under Section 23 of the Act.

It is the view of the federal government that the precedents developed to date in the hearings, and the experience developed in the procedures, will greatly speed up the hearings and decisions on future cases. The judgment in the *prima facie* decision of the Rapeseed Case has outlined that, although each case will be decided on its merits, there is not necessarily a need for a public hearing to establish whether or not a *prima facie* case exists. This will assist the shippers, because in most cases the establishment of a *prima facie* case would require only a clear documentation of the relevant points perceived by the shipper as being prejudicial to the public interest.

The term "public interest", as interpreted by the CTC in the Rapeseed Case, is consistent with government policy, which considers public interest in the wider context of regional development and industrial expansion. With this interpretation now adopted, continued discussion between the federal and provincial governments could give clarification to provincial objectives and federal reaction to the whole question of public interest and its relationship to regional development and industrial expansion.

These are all reasons to believe that there will be considerable improvements in the workings of the regulatory system. At the same time, it must be stressed that the regulatory procedures must protect the legitimate rights of the parties—carriers, shippers and the general public—and ensure reasonable certainty of the application of rules, as well as prevent unreasonable costs and delays. The government will continue to study and implement improvements to the regulatory system.

Under the National Transportation Act, the Governor-in-Council has substantial powers in transportation. Section 54 of the National Transportation Act provides for the appointment of counsel by the Minister of Justice on the application of the Commission or on his own motion, to conduct or argue the case, or any particular question arising in the proceeding or matter, with respect to any issue which involves the consideration of public interest. Government policy statements which interpret the goals and objectives of regional development policies with significant transport policy implications are important inputs to the quasi-judicial process through which regulatory decisions are made. Furthermore, the Governor-in-Council has additional powers under Section 64 (1) of the National Transportation Act, to vary or rescind, upon

application, or of his own motion, any order, decision, rule or regulation of the CTC.

Under Section 22 of the National Transportation Act, the government has wide powers to request investigation by the CTC of specific problems or classes of problems. Thus the process of investigation can be used by the Commission in a wider context than is possible within a strictly regulatory framework. The government has chosen to use these powers with increasing frequency and the Commission has undertaken a number of such studies for the government. A recent example was a request which resulted in seven studies by western consultants, both in the industry and at universities, of a number of specific western transportation problems.

The Commission, additionally, has extensive powers to prescribe classification of accounts and cost reporting, which provide the basis of cost analysis. The Commission, after a thorough investigation, prescribed the manner of railway cost determination for regulatory purposes through its costing order. It has adopted the policy of "reasonable cost disclosures", or in non-legal language, a maximum cost disclosure that would have no unnecessary and strong adverse effects on commercial interests of the parties. In practice, the Commission has not denied any important request for railways' cost disclosures, and the process of making the needed cost information available is being continuously improved.

With respect to passenger transportation, the Commission has a strong regulatory involvement, particularly relating to rail and air services. With respect to rail passenger transport, the Commission has, in certain instances, instigated public hearings to consider reinstatement of particular services. In the case of air transport, it is important to note that the regulatory process is responsive to federal policy statements which have placed an emphasis on regional as well as national considerations.

The process of regulatory development, as it has occurred since the passage of the National Transportation Act in 1967, cannot be considered to be particularly unreasonable despite the rather lengthy delays that have occurred in some cases. Any new set of regulatory processes requires a number of years of experience to determine how the legislation can be effectively implemented with due regard to the protection of all legal interests. To suggest major changes in the regulatory policy and procedures of the National Transportation Act would necessitate a further number of years of experience before maximum effectiveness is attained. The development of the present regulatory process which has occurred to date should result in much improved, flexible and speedy procedures dealing with appeals by shippers and provinces.

(c) Transportation Infrastructure and Service Considerations

Any general review of the over-all adequacy of transportation in responding to specific goals and objectives in the areas of economic and social development must also focus upon the present and future adequacy of transportation facilities and services. In this context, adequacy should be taken to mean the provision of the appropriate

physical plant in a timely manner as well as the appropriate level of service to meet identified needs.

In much of Western Canada the principal reliance for freight transportation, including consumer goods, manufactured products and natural resources is on surface transportation, both road and rail. For petroleum products and natural gas the reliance is almost inclusively on pipelines.

With respect to rail, there are generally adequate and possibly even surplus track facilities in large areas of the West. The notable exceptions are in the northern parts of the provinces where, in certain cases, railways form the preferred means of tapping particular natural resources. A case in point is in northwestern British Columbia, where discussions have been proceeding jointly between the Province and the federal government concerning the provision of an appropriate rail network to develop the forest and mineral resources of the area.

Another case of identified need in the western railway network is the provision of an alternate route through western B.C. for the two transcontinental lines which now follow the Thompson and Fraser Canyons, an area subject to landslide blockages during severe weather. An inland connection with the British Columbia Railway would permit the rerouting of CN and CP Rail traffic when the canyon lines are blocked.

An adequate highway network will continue to play a vital role for the movement of people and goods within the West and between the West and Central Canada. A recent analysis of the present network done with the full co-operation and involvement of the provinces in the Canadian Highway System Study, indicated varying standards of highway facilities throughout the West. One result of these varying standards has been and is a lack of uniformity in vehicle weights permitted in Western Canada. A desirable goal would be to provide a basic highway structure of such a standard that axle loadings and gross vehicle weights in the prairie provinces could be brought more closely in line with those in force in British Columbia and Ontario. The resulting improvement in motor carrier productivity would be of substantial benefit to Alberta, Saskatchewan and Manitoba, and would help to make the trucking industry a stronger competitor of the railways in the West than at present.

Another area of potential difficulty in the highway transport field is the need to assure adequate routes between the prairie region and the west coast. Because of the barriers raised by several mountain ranges, there are essentially only four practical routes—the Crowsnest Pass, the Rogers Pass, the Yellowhead Pass, and the Pine Pass. The Trans-Canada Highway route through the Rogers Pass and the Yellowhead Route through the Yellowhead Pass are further complicated in that they pass through national parks. Environmental and ecological problems may increase with expansion of the highway facilities while, at the same time, their use as recreational access routes places additional demand on the roads. This problem has been recognized and is currently under study by the four western provinces and the federal government.

Perhaps the most dramatic change in the transportation structure of the West in recent years has been the growing provision of both petroleum and natural gas pipelines to gain access to markets for these important natural resources. Expanding market demand and the development of new reserves, such as the tar sands, indicate continued dramatic growth in this area.

Adequate passenger transportation within and between regions is also recognized as being an important aspect of transportation policy in the West. Adequate facilities and services are particularly needed to link major centres on an inter-regional basis and to help maintain the viability of rural centres within the entire area.

The appropriate provision of passenger transportation is complicated by the problem of jurisdictional fragmentation where the federal government has the primary responsibility for rail and air transportation and the provinces have the primary responsibility for highway transportation. This jurisdictional separation tends to become critical when highway services should be complementary to, or even replace in some instances, rail or air services.

Solutions to passenger transportation needs in Western Canada would seem to require a strong co-operative and consultative framework.

The improvement of transportation facilities in the West must include giving due consideration to ports, which act as vital outlets for much of Western Canada's resources, particularly those destined for export. The recent federal decision to declare Prince Rupert a national harbour was in recognition of both present and projected expansion of economic activity in a large area of northwestern Canada embracing portions of three provinces and two territories. The development of integrated rail links in the area and a commitment to the timely provision of needed facilities combine to emphasize the major potential role of this port in forthcoming regional and national development.

The distinctive developmental challenges presented by the port of Churchill are closely related to over-all economic growth in the prairie provinces and the North, and development programs will reflect these needs. With respect to the over-all role of the port, there would seem to be some merit in considering some form of joint programs between the federal and provincial governments if the provinces see specific roles which should be pursued.

Timely development of ports on the lower mainland of British Columbia, including Vancouver and Roberts Bank, as well as emphasis on the Lakehead as a critical port for shipments to and from Eastern Canada and Europe continues to be federal policy.

In view of the significant capital costs associated with the expansion of infrastructure at those ports, however, and to ensure that developments are consistent with both the present and longer-term objectives of the West, there would appear to be a strong case for inter-governmental co-operation in planning future programs and priorities. This would ensure that maximum economic gain for western regional development and industrial expansion is achieved.

(d) Other Transportation Matters

Maximum Rate Regulation

Some discussion in Western Canada has focussed on the development of a formula for maximum rate control which would be based on variable cost plus a specific percentage mark-up. The application of this formula would be made applicable to all movements, and not just to captive shipments as is the case now.

It is difficult to conclude that such a control would be in the best interests of the West. A rate ceiling is likely to produce the following effects: (1) a decrease and, in some cases, elimination of trucking competition with consequently long-term adverse effects on rates; (2) heavy subsidy requirements including subsidies on the movements of commodities which are able to bear on existing level of freight rates and (3) inefficiencies in industrial location and marketing and the possible erosion of the competitive position of western industrial plants following a depression of certain rate levels allowing improved access from other centres of supply.

Because of these factors, any move in this direction should only be contemplated after extensive analysis has been undertaken of the probable effects of such action.

Blanket Subsidies

Another matter sometimes raised is the application of blanket or general subsidies to all classes of traffic. The sum total of experience gained in the application of general subsidies indicates that this is an inefficient way of applying assistance. A more efficient way is to provide selective assistance to those commodities where transportation cost/or quality of transportation service is a key element. Detailed study of this approach through the mechanism of the Federal-Provincial Committee on Atlantic Provinces Transportation has led to the unanimous view that a selective approach to subsidy application is a more effective means of achieving desired goals.

Statutory Grain Rates and Branch Lines

The importance to the Western Canadian economy of the statutory rates on grain is well-known, and a policy which will effectively protect producers from burdensome cost increases in this area is clearly needed. Statutory grain rates and the question of western branch lines are inexorably tied to the whole matter of grain transportation in Western Canada, and in this respect the federal government supports fully the present approach to the modernization of the grain handling and transportation system being undertaken by the Canada Grains Council. The participatory approach to policy formulation in this area is fundamental.

RECENT FEDERAL TRANSPORTATION INITIATIVES IN WESTERN CANADA

Continuing federal investment in infrastructure, established operational responsibilities, efforts towards closer

federal-provincial co-operation in planning, programs and policy formulation, and support of educational institutions specializing in transportation are all elements in federal transport policy in Western Canada.

Over the last few years there has been an increasing trend towards closer co-operation between federal and provincial officials on questions of transportation policy. Federal-provincial discussions and policy evaluation have led to, or are leading to, programs such as the northwest B.C. integrated rail and port development proposals, improvements to facilities at Calgary and Vancouver Airports, and joint examination of long-term highway and other transportation needs between the prairies and the west coast. Additionally, a mechanism for tri-level discussions of issues relating to transportation in urban areas has been developed in Vancouver, Edmonton and Winnipeg over the past year.

The Ministry of Transport and the Canadian Transport Commission continue to encourage transportation research and education in Western Canada, and to commission independent studies reflecting the position of western Canadians on matters of particular concern or reference to the region. Support of the Transportation Centres at the Universities of British Columbia and Manitoba, of commodity pipeline work in Alberta and Saskatchewan, and of research into various aspects of traffic safety throughout the West, characterize these initiatives. It is the posture of the federal government that these normal initiatives be continued and strengthened.

CONCLUSION

Transportation must be responsive to the economic and social needs of Western Canada as a whole. Specific transportation policies and programs aimed at improving or meeting clearly identified areas of need, and entered into in a co-ordinated and complementary way with other policies and programs developed within the economic and social sectors involved, would appear to be the best way of achieving meaningful improvements in the over-all system. General reductions in freight rates or general programs of transportation subsidies would seem to be unnecessarily and unacceptably costly and may well prove an ineffective means of overcoming specific problems. Similarly, facility improvement programs or the creation of new transportation infrastructure entered into without clearly establishing the need and thoroughly exploring the alternatives available, would not be warranted.

The very nature of a constantly evolving economic and social structure in the West calls for continuous and dynamic means of coping with an ever-changing set of problems and circumstances. Equally, this approach calls for the use of all available tools and policy instruments, both federal and provincial, in a co-ordinated way, together with complementary action by carriers, shippers and consumers.

The federal government supports and encourages the creation of appropriate mechanisms designed to deal with the transportation problems of Western Canada in this way.

APPENDIX I

Transportation and Sectoral Relationships

This paper has stated a basic theme that transportation performs essentially a service function but that transportation initiatives can also be utilized in the development of regional policies which relate to social and economic goals.

When assessing the transportation function within this framework, a good starting point is to determine how this system performs its service function in the production sectors. The following reviews the interaction of transport with agriculture, resource development, and industrial and commercial development. The basic sectoral material essentially has been taken from more detailed papers developed in these areas as part of the federal government's preparatory work for the Western Economic Opportunities Conference. Additionally, while the particular thrust in these summaries is aimed at the relation of transportation to these sectors, the fundamental importance of other economic, institutional and financial initiatives at furthering the developmental goals in these areas should not be overlooked.

Agriculture

The agricultural sector of Western Canada is dominated by grain, oilseeds and livestock production. A common feature of each of these components of the industry is their geographic dispersion and their distant markets. Hence, transportation, involving as it does the physical transference of product from source to market, assumes a critical role in the maintenance of a viable regional economy. Quality and cost of service are paramount in this context.

Massive infrastructure is necessary to provide the needed transportation service function. Of particular importance is the extensive rail network linking the Prairies to export positions on the Pacific coast, Churchill and Lakehead and to the continental markets of Central and Eastern Canada and the United States. A further vital element in this collection system is the local and regional road network which links individual farm units to product assembly points such as grain elevators, feed mills, oilseed crushing plants and meat processing facilities.

The value of a flexible and efficient transportation system is confirmed by the emergence of subsidized foreign competition and the development of protectionist policies in traditional grain importing nations where the stabilizing influence of international co-operation in planning and marketing is conspicuously absent.

Futhermore, the marketing programs for wheat (protein basis), and the growing importance of feed grain and oilseed production, emphasizes the importance of a flexible, responsive transportation system to ensure that sales commitments are met. The demand for meat and marketing and packaging innovations are other examples of the importance of specific freight rates and equipment that will enable the West to maximize market penetration.

Developing prospects are particularly encouraging for feed grains and oilseed production and for the beef and

hogs portion of the livestock industry. The agricultural sector also provides a potential base for further processing and manufacturing activities which could significantly increase the value added component, and thus enhance regional employment opportunities. The full realization of future marketing opportunities will depend partly upon improvements in transportation infrastructure and adjustments in selective freight rates. In this latter context, regulatory responsiveness to particular situations such as the Canadian Transport Commission's Treatment of the Rapeseed Case, is an important aspect in managing the overall problem.

Resource Development

The Canadian mineral industry has experienced impressive growth in the last few years. The annual rate of growth of the industry between 1968 and 1970 averaged close to 11 per cent (measured by value of shipment). Canada leads the world in the export of minerals, and a significant share of this development has taken place in Western Canada.

Much of this recent growth in the West can be attributed to the development of the potash industry in Saskatchewan, the advent of coal shipments to Japan from Alberta and B.C., and the increased production of sulphur in Alberta and nickel in Manitoba. Oil and gas production in British Columbia, Alberta and Saskatchewan are also important contributors to the economies of these provinces.

Two aspects of transportation affect the mineral industry—the rates charged by the carrier, and the existence, or otherwise, of transportation facilities. In Western Canada, the major mineral commodities most sensitive to transportation changes (regulatory, infrastructure and rates) are potash, sulphur, coal, and base metal concentrates.

Any changes in freight rates, therefore, will have a direct impact on the economic feasibility of commodity movement with consequent side effects upon regional employment patterns and economic performance.

The mineral and transportation sectors of Western Canada are closely interwoven because the bulk of mineral products are destined for foreign markets. Negotiations and technological improvements, such as hopper cars for potash and unit-trains for sulphur and coal, have kept freight rates generally within acceptable limits, although opportunities for expanded markets for high-volume, low-cost products, such as potash and sulphur, will continue to rely on innovation within the production and transport facilities such as solids pipelines or electrification of sections of the rail system.

The railway system of the prairie provinces has responded to the needs of the mineral industry through the construction of spur lines and the provision of specialized rolling stock. The railway system in British Columbia is periodically disrupted by natural hazards and improved access is required through the mountainous areas. Furthermore, the spatial requirements and environmental con-

straints applicable to modern bulk handling facilities at the rail/ship interface dictate a further degree of port facility decentralization away from such congested urban areas as Vancouver to, for example, Roberts Bank.

Transportation infrastructure is required in the northern areas of Western Canada to stimulate expansion of the mineral sector. In this regard, development of rail lines and associated port facilities in northwestern British Columbia should help to establish a viable mineral industry in that region.

Moreover, there is every prospect that the transportation sector will respond to any major resource developments in the northern area of the Prairie Provinces.

Industrial and Commercial Development

An evaluation of the provincial economies suggests that Western Canada is an amalgam of two high-growth provinces, Alberta and British Columbia, and two relatively low-growth provinces, Manitoba and Saskatchewan. The western half of the region has been more successful in terms of resource development, urban growth manufacturing activities, investment and employment.

In general terms, the manufacturing sector may be said to constitute a weak link in the regional economy between resource development on the one hand and the service sector on the other. Existing manufacturing activity tends to be small in scale and largely oriented towards local and regional markets. In the past, it has not achieved the diversity that characterizes manufacturing in Central Canada, and secondary manufacturing has generally expanded at a rate below that prevailing in the country as a whole.

The West, therefore, depends heavily upon resource development, primary processing and export trade. Traditionally, consumer requirements and components for much of the limited manufacturing sector have been imported from outside the region.

In order to stimulate specific manufacturing opportunities, as well as other prospects which may be developed by the federal Department of Regional Economic Expansion in consultation with the provinces, it would be necessary to consider transportation policy initiatives on a specific, rather than a general basis. Furthermore, transportation should be regarded as only one of the parameters of production, marketing and distribution, that influence the development of industry. Freight rates and service changes should be planned as part of a total approach to accomplish specific industrial expansion objectives.

General changes in freight rates and services, or a specific approach to transportation alone, without consideration of production, marketing, financing and distribution issues, might result not only in a waste of funds, but also have adverse effects on certain western Canadian industries. For example, a reduction of freight rates from Eastern Canada to the prairie provinces on steel products, although appearing attractive to consumers of steel products in the western region, could alter the competitive balance in favor of eastern steel plants against western steel plants, adversely affecting the viability of western steel production capability.

Through the process of selective transportation initiatives, prospects exist for the maintenance and further development of the western steel industry, the stimulation of increased agricultural product processing and a broadening of the range of regional manufacturing activities.

APPENDIX II

TON MILES—ORIGINATED RAIL TRAFFIC

(x 10⁹)

	Manitoba	Saskatchewan	Alberta	British Columbia	West Prov. Total	Canada Total
1972.....	2.29	4.62	8.77	11.0	26.6	49.0
1971.....	2.29	4.97	7.60	8.55	23.4	44.4
1970.....	2.04	4.17	6.84	6.89	20.0	40.3
1969.....	2.00	3.93	5.47	5.65	17.1	37.7
1968.....	2.02	3.85	5.22	5.31	16.4	36.4
	% Increase 68—72	% Increase 68—72	% Increase 68—72	% Increase 68—72	% Increase 68—72	% Increase 68—72
	13.2	20.0	67.9	106.0	62.3	34.7

SOURCE: CTC Study.

APPENDIX III

INCREASES OR DECREASES () IN THE AVERAGE FREIGHT REVENUES
PER TON-MILE AND PER CAR MILE 1970 v. 1958

Originating Region	Destination Region	Percentage Increase (Decrease) in Weighted Average Freight Revenue*	
		Per Ton-Mile	Per Car-Mile
Maritime.....	Maritime.....	17.2%	30.3%
Maritime.....	Eastern.....	(6.3%)	41.0%
Maritime.....	Western.....	(24.8%)	(3.9%)
Eastern.....	Eastern.....	(8.9%)	22.0%
Eastern.....	Maritime.....	8.1%	26.5%
Eastern.....	Western.....	(14.9%)	14.3%
Western.....	Western.....	(42.4%)	5.3%
Western.....	Eastern.....	3.5%	26.2%
Western.....	Maritime.....	32.4%	(18.3%)

*Excludes Statutory Grain.

SOURCE: CTC Waybill Analysis.

APPENDIX IV

SELECTED STATISTICS, INTERCITY MOTOR FREIGHT CARRIERS, PRAIRIE REGION, 1961 and 1969

	Class I and Class II Common Carriers									
	1961				1969				Change	
	Man	Sask	Alta	Total	Man	Sask	Alta	Total	Abs	%
Employees.....	1,693	420	2,044	4,157	3,551	398	3,400	7,349	3,192	76.8
Trucks.....	569	65	449	1,083	662	123	816	1,601	518	47.8
Road Tractors.....	547	182	785	1,514	995	204	1,113	2,312	798	52.7
Semi-Trailers.....	946	229	1,228	2,403	2,324	384	2,897	5,605	3,202	133.3
Full Trailers.....	1	44	51	96	30	12	379	421	325	338.5

	Class I and Class II Contract Carriers					
	1961 Class I and Class II			1969 Class I ¹ only		
	Man	Sask	Alta	Man	Sask	Alta
Employees.....	173	125	457	563	*	437
Trucks.....	76	36	140	263	*	45
Road Tractors.....	96	99	302	210	*	277
Semi-Trailers.....	104	100	363	225	*	430
Full Trailers.....	—	9	32	—	*	68

*N/A.

¹ Comparative detail not reported for Class II contract carriers for 1969. In terms of employment Class II contract carriers reported 54 employees in Manitoba, 60 in Saskatchewan, and 268 in Alberta in 1969.SOURCE: Statistics Canada, *Motor Carriers—Freight, Part I*, various issues.

APPENDIX V

ARRIVING PASSENGERS ON SCHEDULED DOMESTIC & INTERNATIONAL SERVICES 1963-70
SELECTED AIRPORTS—WESTERN PROVINCES

Airports	1963 (1000)	1964 (1000)	1965 (1000)	1966 (1000)	1967 (1000)	1968 (1000)	1969 (1000)	1970 (1000)	5 year growth 1966-70
British Columbia									
Vancouver.....	453	499	598	733	886	975	1,145	1,270	14.7%
Victoria.....	74	82	89	102	120	131	124	149	10.0%
Alberta									
Calgary.....	268	294	355	441	551	605	694	801	16.1%
Edmonton (Int.).....	217	209	248	270	319	353	366	415	11.4%
Saskatchewan									
Regina.....	122	114	120	142	158	154	199	205	9.7%
Saskatoon.....	86	79	81	92	115	133	156	184	19.0%
Manitoba									
Winnipeg.....	381	402	459	520	682	742	763	799	11.3%
Compared with:									
Toronto.....	1,519	1,621	1,869	2,150	2,633	2,678	2,889	3,257	10.9%
Montreal.....	1,289	1,420	1,661	1,836	2,534	2,224	2,409	2,662	9.7%

SOURCE: Aviation in Canada, Information Canada, Ottawa, 1972.

THE MINISTER OF TRANSPORT



CANADA

LE MINISTRE DES TRANSPORTS

OTTAWA, Ontario,
K1A 0N5
July 19, 1973

THE HONOURABLE E. J. BENSON,
President,
Canadian Transport Commission,
Congill Building,
275 Slater Street,
Ottawa, Ontario.

Dear Mr. Benson:

In the discussions that have been carried on between the governments of the Western Provinces and of Canada in

recent months at both the Ministerial and Official levels, a number of specific examples have been cited by Western spokesmen of differences in freight rates that in the eyes of Westerners are not economically justified, using these words in their widest sense, that is considering the economics of railway operations and finances and the comparative economics of the various modes of transport.

It is my understanding that the basic concern of the West is with the effects of the transportation system on regional industrial and market development and they ask that rates be set at levels which encourage industrial development in the West.

Specific rate differences that have been cited as problems by the West are as follows:

1. RAW MATERIAL vs FINISHED PRODUCTS RATES

From	To	Commodity	Rate (in cents per 100 lbs.)
Brandon, Man.....	Toronto, Ont.....	Livestock.....	244
Brandon, Man.....	Toronto, Ont.....	Fresh Meat.....	323
Saskatoon, Sask.....	Moncton, N.B.....	Grain.....	92
Saskatoon, Sask.....	Moncton, N.B.....	Millfeed.....	162
Edmonton, Alta.....	Vancouver, B.C.....	Livestock.....	119
Edmonton, Alta.....	Vancouver, B.C.....	Frozen Meat.....	139

2. LONG AND SHORT HAUL DIFFERENCES

From	To	Commodity	Rate (in cents per 100 lbs.)
Toronto, Ont.....	Vancouver, B.C.....	Canned goods.....	212
Morden, Man.....	Vancouver, B.C.....	Canned goods.....	190
Toronto, Ont.....	Vancouver, B.C.....	Iron & Steel Products.....	168
Toronto, Ont.....	Saskatoon, Sask.....	Iron & Steel Products.....	247
Hamilton, Ont.....	Vancouver, B.C.....	Skelp.....	135
Hamilton, Ont.....	Edmonton, Alta.....	Skelp.....	211
Hamilton, Ont.....	Calgary, Alta.....	Structural Steel.....	246
Hamilton, Ont.....	Vancouver, B.C.....	Structural Steel.....	164

3. EXPORT RATE STRUCTURE—RAW MATERIALS vs FINISHED MATERIALS

From	To	Commodity	Rate (in cents per 100 lbs.)
Edmonton, Alta.....	Vancouver, B.C.....	Livestock.....	119
Edmonton, Alta.....	Vancouver, B.C.....	Frozen Meat.....	139
Prince Albert, Sask.....	Toronto, Ont.....	Livestock.....	290
Prince Albert, Sask.....	Toronto, Ont.....	Hung Beef.....	337

In addition, the Western Provinces have complained about the lack of rate grouping on inbound raw and semi-processed materials saying that the absence of grouping means that the larger centers have an advantage over smaller ones and that these are unjustified differences

between larger centers. Since smaller centers are not grouped with larger ones, industrial expansion, it is claimed, tends to take place only in the cities. The following rates are cited as examples of situations where rate groups would be desirable:

4. RATE GROUPS

From	To	Commodity	Rate (in cents per 100 lbs.)
Hamilton, Ont.....	Edmonton, Alta.....	Steel Sheet.....	246
Hamilton, Ont.....	Redwater, Alta.....	Steel Sheet.....	251
Toronto, Ont.....	Regina, Sask.....	Iron & Steel.....	257
Toronto, Ont.....	Saskatoon, Sask.....	Iron & Steel.....	278

At WEOC there will undoubtedly be further specific rate problems that will be presented by the provinces, and therefore a second more complete list will be developed soon after the close of the conference. We know, for example, that the rail rates on farm tractors and other agricultural implements are a problem. It is our understanding that rail rates on farm tractors are higher than rail rates on industrial tractors while other agricultural implements are transported at the yet substantially higher Class 40 rates from Brantford to points on the Prairies.

The examples stated confirm my own view that one of the key elements in the discussion of transportation at WEOC will be the concept of public interest as it relates to the National Transportation Act. I look upon the decision by the Commission in the rapeseed case as a significant development to better understanding of the term "public interest", and I feel there are opportunities for

development of this concept at WEOC. It may be that the governments will wish to carefully consider drafting a joint federal-provincial communiqué at the end of the Western Economic Opportunities Conference which would give detailed consideration to the relationship between transportation and regional economic expansion, and provide a valuable reference in consideration of future cases which may be referred to the Commission.

With the foregoing material as background, I would request the Commission, under Section 22 of the National Transportation Act, to inquire and report to me on the economic issues implicit in the differences in rates cited under the four headings in this letter.

Yours sincerely,

JEAN MARCHAND.

President of Canadian Transport Commission's
RESPONSE
 To
 Transport Minister Jean Marchand's Letter
 Concerning
 Freight rates and appeal provisions of the National Transportation Act

SUMMARY

Reply of July 19th, 1973 from Mr. E. J. Benson, President, Canadian Transport Commission, to the June 1st request by the Honourable Jean Marchand concerning a study of the federal regulatory handling of freight rate and accompanying appeal matters, and report of findings and such recommendations as provided under Section 22 of the National Transportation Act.

Mr. Benson, in the covering letter to the interim report to Mr. Marchand, stated that the overall study of the federal regulatory handling of freight rate and accompanying appeal procedures was undertaken as a matter of high priority and that the procedural review was divided into two broad categories; the first involving procedures which have either been implemented or are at a stage at which they may be implemented in the near future, while the second category involves questions that will require studies of some depth because of the complex legal and technical problems they raise.

The interim report of the C.T.C. outlines progress on the first category and describes in more general terms the remaining questions which will take more time to complete. The C.T.C. report will be followed by a further report at the earliest possible date.

The interim report of the C.T.C. reviews the procedures of the Cost Inquiry of 1967 and 1968, as well as cases under Section 23 of the National Transportation Act, i.e. the rapeseed case and the newsprint case.

Specific approaches to revised procedure include:

—Shortened procedures: The Commission proposes to develop an optional short-form procedure which could be applicable to both *prima facie* and to the

substantive hearing stage. The simplifications which will be introduced by the optional short-form procedure and a greater use of the pre-hearing conferences to determine the facts of the case will speed up the *prima facie* and substantive hearing stages.

—**Assessment of costs of proceedings:** Subject to all proper legal rights, the Commission reached the conclusion that if a party had indulged in tactics which have unduly delayed or frustrated the expeditious disposition of a legitimate freight rate case; the Commission would be prepared to exercise its power to assess the costs of the proceedings against such a party, as is the almost invariable practice in the civil courts of law.

—**Areas for Further Study before Reporting:**

- (a) **Railway costs and their disclosure:** The need to ensure maximum cost disclosure was settled by the Commission in 1969. The application of this principle to freight rate cases needs to be given further consideration, both from the legal and technical points of view, and the views of provincial, shipper and railway interests on this question should be obtained.
- (b) **The Public Interest and Section 54 of the National Transportation Act:** The National Transportation Act contains provisions regarding the representation of public interest by a counsel appointed by the Minister of Justice. The Commission will consider what recommendations, if any, it should make concerning the application of Section 54 of the National Transportation Act, which is concerned with the employment of counsel in the public interest. In doing so, the Commission will bear in mind that in the past, the governments of provinces, the shippers and the railways have argued the case for

the public interest, each from its own point of view, and that, in the future, the probability is that this practice will continue.

- (c) Clarification and Mediation role: C.T.C. has already, on occasion, provided some assistance to the shippers in clarifying railway tariff positions and informing them of possible actions they could take, as well as acting as a channel of communications transmitting public complaints to the railway and resolving informally many

issues. After appropriate discussions between the railway companies, the governments of provinces, which for the most part maintain freight rate bureaux or advisory services, and the Commission, an informal but nevertheless effective mechanism could be set up for the purpose of straightening out misunderstandings, and perhaps even mediating disputes where all of the interested parties agree that this is something the Commission should do.

REPORT BY THE CANADIAN TRANSPORT COMMISSION TO THE MINISTER OF TRANSPORT PURSUANT TO A REQUEST UNDER SECTION 22 OF THE NATIONAL TRANSPORTATION ACT FOR AN OVERALL STUDY OF THE FEDERAL REGULATORY HANDLING OF FREIGHT RATE AND ACCOMPANYING APPEAL MATTERS

You have formally requested the Canadian Transport Commission to undertake an overall review study of current procedures involved in the federal regulatory handling of freight rate and accompanying appeal matters, and to report to you its findings and such recommendations as it may care to make, all as provided in Section 22 of the National Transportation Act. You went on to indicate your view that this review would focus principally on areas that lie within the prerogatives of the Commission under Section 23 of the National Transportation Act, but you asked that in addition the Commission offer recommendations for changes which it might deem appropriate, beyond its immediate discretion. You further indicated your view that consultation with outside interests, especially provincial representatives, would be a key part of this review.

As it will be some time before the Commission can complete this task, it is considered advisable to furnish you at this time with a report describing those changes in procedure that have been or are in the process of being implemented with a view to making freight rate appeals less costly and time consuming to the interested parties, and indicating those matters which will require more time to study in depth because of legal and technical complexities and because of the desirability of consulting outside interests before submitting a further report.

Legal Framework

It might be best to begin by making a brief reference to the manner in which the law requires the Commission to deal with complaints or appeals involving questions of freight rates, either under Section 23 of the National Transportation Act—"public interest" provision—or under those sections of the Railway Act or the Transport Act, which under other defined circumstances may afford a remedy to an aggrieved shipper.

The Canadian Transport Commission is a court of record, possessing all the powers of a superior court when deciding cases within its jurisdiction, and as such is under an obligation to act judicially when dealing with appeals or complaints that arise under the statutory provisions referred to above. This is why, in contentious cases, the

Commission very often deals with freight rate appeals or complaints through the medium of a public hearing, primarily to ensure that all interested parties have a full opportunity to put forward all of the evidence and argument they think have a bearing on their individual cases. And, in all cases under Section 23 of the National Transportation Act, where an applicant has made a *prima facie* case to the satisfaction of the Commission, and has been granted leave to appeal the Act, omission or freight rate of the carrier, a hearing is made mandatory by the statute itself.

If, in any case decided by the Commission under any of these provisions, an interested party is dissatisfied, it is open to him to appeal the decision in question either to the Governor in Council on its merits, or to the Federal Court of Canada on a question of law or jurisdiction. The Governor in Council has broad powers to vary, rescind or modify any decision of the Commission under Section 64(1) of the National Transportation Act, and the Federal Court has the power to correct any errors of law or jurisdiction that may have been made in a decision of the Commission or to correct any breach of the principles of natural justice that may have taken place in the course of any proceeding, such as, for example, a failure to afford an interested party a full opportunity to be heard before his case is decided.

Within this broad legal framework, the Commission has both wide discretionary and procedural powers and it is with the latter that this report is concerned.

Review of Procedures

For a complete understanding of the procedures currently being followed by the Commission in freight rate appeals and complaints, as well as those we intend to implement almost immediately, it is essential to review the procedures developed by the Commission to deal with complex railway cases. The Commission's approach has been essentially pragmatic and one result has been that the procedures so far developed have been effective because they are based on experience. In implementing new procedures, a process which as has been stated is going on at

this time, the Commission will continue to adopt this approach to the problem and by so doing expects to evolve procedures which will reduce to a practical minimum the time and expense involved in taking freight rate cases from inception to conclusion.

In reviewing the development of the Commission's regulatory procedures in railway cases, we begin by considering those developed during the Cost Inquiry of 1967 and 1968 because they form the basis for a great many of the improved procedures in freight rate cases that the Commission expects to make effective as soon as possible.

The Cost Inquiry

When the Canadian Transport Commission was formed in September 1967, one of its first acts was to implement an undertaking of the Minister of Transport and hold a public hearing upon the formulation of costing regulations for all purposes of the Railway Act. Section 23 of the National Transportation Act refers to Sections 276, 277 and 278 of the Railway Act, and those Sections require that the fixing of freight rates have regard to minimum and maximum levels:

- (a) No rate can be below the compensatory level—it must exceed the variable cost of the movement of the traffic concerned as determined by the Commission; and
- (b) A captive shipper who qualifies for a fixed rate is entitled to a rate which does not exceed variable cost by more than one hundred and fifty per cent.

The new legislation under the National Transportation Act also emphasized cost as a factor in determining "actual loss" under revised sections of the Railway Act which deal with applications to abandon branch lines and to discontinue passenger-train services, as well as with provision for subsidy payments in respect of uneconomic lines and services continued in operation in the public interest.

In view of the complexities involved in the new cost-oriented legislation, the Commission developed a modified procedure in respect of its approach to the hearing under the Cost Inquiry:

- (1) The Commission retained a firm of Management Consultants headed by Mr. W. B. Saunders, a cost expert whose reputation was well known to many of the parties participating in the Cost Inquiry. Mr. Saunders acted as Chairman of a Technical Committee composed of representatives of all the ten provinces, railways, trucks, the western grain industry, shipper organizations and others.
- (2) The cost expert and his staff worked in conjunction with the costing staff of the Commission who had developed the initial Costing Order, which was issued in April 1967, after Part V of the National Transportation Act was proclaimed.
- (3) The Technical Committee had two main objectives, first to assist in the provision of all the working data relating to railway costs that were both relevant and available and, second, to define for the Railway Transport Committee the issues, including

those on which there was agreement, those on which it was agreed further work or study was required, and those on which there was no agreement. An essential ingredient of this process was the willingness of Canadian National and Canadian Pacific to make both their technical staff and their store of information concerning methods of calculating and allocating railway costs available to Mr. Saunders on the same unrestricted basis as they were available to the Committee. Much important information was also made available to the parties to the proceedings.

- (4) Over a period of five months, Mr. Saunders and his associates produced 38 separate technical working papers with exhibits on all important aspects of the development and allocation of railway costs. These were distributed to all parties, their experts, consultants and counsel. He also produced for the Committee his statement of the issues on which agreement had been reached, the issues on which it had been agreed that further study was required, and the issues on which there was no agreement. This document, referred to as the EBS Statement of Position, also stated at length and in detail Mr. Saunders' basic recommendations to the Railway Transport Committee as to the form and content of the Cost Order.
- (5) Over the next month, the parties, using Mr. Saunders' material as one of the bases for their work, prepared and filed with the Committee their submissions. These dealt extensively with Mr. Saunders' recommendations and their own proposals and recommendations as to the form and content of the Cost Order.
- (6) A month later, the public hearing of the Cost Inquiry opened at the Court Room of the Canadian Transport Commission. Most of the work of the Technical Committee was concerned with the technical problems of prescribing the items and factors relevant in the determination of costs. The intricacies and complexities of the difficult science and art of cost determination were given full expression in the discussions in the Technical Committee and in the recommendations of the experts that followed, and were reflected in the evidence that was put before the Committee in the course of twenty-five days of hearing, between September and November 1968.

The Commission required some six months to assess the evidence in the case, and "Reasons For Order No. R-6313 Concerning Cost Regulations" was issued on August 5, 1969.

CASES UNDER SECTION 23 OF THE NATIONAL TRANSPORTATION ACT

1. The "Rapeseed" Case

The initial application under Section 23 of the National Transportation Act was dated October 14, 1970. It re-

quested leave to appeal certain acts or omissions and certain rail freight rates related to or applicable to rapeseed, rapeseed meal and rapeseed oil shipped into, through and from the Applicants' processing plants. The Applicants, together with Respondents and Intervenor, involved companies in both Western Canada and Eastern Canada, together with the Provinces of Alberta, Manitoba, Saskatchewan, Ontario and Quebec.

The hearing on the *prima facie* case was held in Winnipeg on April 29 and 30, 1971. The decision of the Commission, granting leave to appeal, was issued on November 2, 1971.

Profiting by experience gained during the Cost Inquiry, the Commission called a conference of the interested parties after it had been determined that the Applicants had made a *prima facie* case. It must be stated frankly that the results of the conference, and the second conference that followed it, fell short of what the Commission had hoped and expected. Following the first conference, the Railway Transport Committee issued Directions as to Procedure dated December 16, 1971, wherein the following dates were fixed:

- (a) **January 10, 1972.** Last day for filing with the Secretary of such documents as will update the application of the Applicants dated October 14, 1970, and service thereof upon the Respondents and Intervenor of record;
- (b) **January 31, 1972.** Last day for filing with the Secretary of Answers of the Respondents and of Interventions of Intervenor of record and service thereof upon the Applicants and upon each other;
- (c) **February 10, 1972.** Last day for filing with the Secretary of Replies, if any, by the Applicants to the Answers of the Respondents and the Interventions of the Intervenor of record and service thereof upon such Respondents and Intervenor of record; and
- (d) **February 28, 1972.** Pre-Hearing Conference at Ottawa in the Commission Court Room, 400 Laurier Avenue West, for the purpose of determining the areas of agreement and the issues to be subject to investigation and hearing as required by subsection 23(4) of the National Transportation Act, and the extent of such investigation as well as any other matters that may be raised thereat.

When the Pre-Hearing Conference was held in Ottawa on February 28, 1972, the following schedule was agreed upon and issued by the Commission:

"First of all, that the reply of Applicants to the intervention of the Eastern Crushers be filed by March 6th, 1972.

Secondly, that the positions of the Eastern Crushers as Intervenor, which was subject to discussion today, the decision as to that position be postponed until and form part of the final judgment in this case after the hearing of the evidence. That involves the fact that any Party will not be deemed and to have prejudiced his rights by the presence of the Intervenor throughout the case, nor will the Intervenor be deemed to have given up their position by that arrangement. The Intervenor will take part throughout the case with the same rights as if a judgment

had already been rendered saying they are a party and then the Commission will find at the end whether or not they had a right to be a party.

Third, the written evidence of the Applicant and those Intervenor supporting the Applicant be filed and served not later than Monday, April 4th, 1972, the written evidence of Respondents and those Intervenor supporting Respondents or perhaps I should say opposing the Application, should be filed and served not later than April 24th, 1972.

Fourth, that the Hearing, the public Hearing called for by Section 23 commence on April 24th, 1972, and finally, that the Applicants and the Intervenor supporting the Application reserve the right to ask for a few days delay between the close of the cross-examination and re-examination of Applicant's Witnesses and the opening of cross-examination of the Witnesses to be called in opposition to the Application."

The hearing, which involved 37 sitting days and some 5,000 pages of evidence and argument, was held at Saskatoon, Toronto and Ottawa between April 24, 1972, and July 21, 1972. The completion of the Commission's investigation, the analysis of the evidence and the writing of the decision, took until June 27, 1973, the date on which the decision was issued.

PROCEDURAL DISCUSSION AFTER THE "RAPESEED" HEARING

At the suggestion of the Commission, when the Rapeseed hearing concluded, the parties met with the Commission informally for a discussion on ways and means by which procedure might be improved and cases shortened. The following extracts from the reporter's notes indicate views of the participants, based largely on the experience gained from the lengthy and costly hearing just concluded:

- "(1) Most of my thinking has been directed at how the hearing could be involved in settling issues rather than in collecting information which in this case was extracted by cross-examination when, and I think most of us will agree, to some extent it could have been collected and put on the record in advance.
- (2) I am wondering whether there isn't some way of trying—I don't want the Commission to be an arbitrator or anything like that, but trying to see, once the parties know who they are, if informally there can be an off-the-record meeting perhaps with members of the Commission staff or someone like that to see if somebody who is outside of the exact picture can get the parties to agree on what they are fighting about and then sort of early in the stage of litigation I think there would have to be certain understandings of what the force and effect of this would be.
- (3) I heartily endorse that method (the interrogatory method) as a means of cutting down to a great extent the sort of information that you wind up having to extract in the witness box from a witness, facts and figures and this sort of thing which you would be better off obtaining in advance and having an opportunity of looking at them and deciding if they are pertinent or relevant and not wasting the hearing time

- extracting these little pieces of information some of which, no doubt at the end of this case, will find all that unnecessary once we found what the figures were.
- (4) The second difficulty I see, that is that I see in parties considering their positions at that early a stage, and we have tried this before, is that they are faced with a position of outlining them at a stage where the memoranda of evidence and the Pleadings are not in. Pleadings are one thing, and if you look back at the Pleadings in this case, each side was trying to hold open their options, not really knowing what the evidence was going to eventually be. I can see that that type of Conference, or Hearing, might have more value and a better chance of success, if somehow it could be arranged to take place after the memoranda are in, or some summary outline of the evidence of the parties, that they proposed to adduce.
 - (5) It certainly would save a lot of time to interchange information in advance of a Hearing and I think that the observation was correct that when going into a Hearing that all of the parties are extremely apprehensive of what to disclose, and what is necessary, and the kind of position that they may be placing themselves in. So, I do not think that we need fear that that kind of problem will go on indefinitely.
 - (6) We think that it is important to have the Pre Hearing Meeting, or Pre Hearing Meetings, to try and get as much factual information, and settling of issues out of the way as possible, so that when we come to the formal procedure, which tends to be lengthy, that as much as possible will be resolved. That is of course obviously within the context of all parties protecting all rights that they immediately have. But, subject to that, as much as possible, we think that these items should be attempted to be resolved, in terms of facts, in the light of attempting to settle something, or some of the issues in advance of the Hearing.
 - (7) One point that we were aware of, and I hope that it is not improper to mention this, was the fact that in some cases it may be contemplated that there is not to be evidence in writing. I think it is our view that in cases such as that, that as much information as possible has to be circulated in advance, and distributed so that a meaningful kind of analysis can be made. We would certainly not think that you could proceed to any kind of a meaningful hearing without an interchange of the evidence as well as as much factual information as possible in advance, or sufficiently in advance of the Hearing.
 - (8) But, if we make use of the mails as much as we can, and I think that the rules provide for it, a lot of this can get itself out of the way, surely, just by an exchange of correspondence. I would hope that meetings would be held to deal with matters that are contentious, or matters on which direction can only be given whenever one is face to face.
 - (9) I do believe that when the decision in this case comes out, that it will very materially assist in shortening procedures. But, I still believe that the role of a Lawyer is best suited as a negotiator, and a great deal might be accomplished if meetings were held just prior to the commencement of a Hearing with perhaps one of the Senior members of your staff present and perhaps one member of the Commission, who is not going to sit where he could act as a head-knocker.

- (10) That is the sort of hope that I have, but generally speaking, in the other area perhaps it might be emphasized, namely the area of the investigation, and it might be of benefit—my thoughts are not crystal-clear on this—of benefit to everyone if maybe some sort of document could be circulated by the forum at a public hearing as to what kind of matters are being investigated and what tentative conclusions perhaps the very effective and very efficient staff of the Commission might bring in and maybe with the resources of the investigation and the resources of the staff this could be used as an effective tool for cutting down some of the issues or some of the proceedings."

2. The "Newsprint" Case

In this case under Section 23, leave to appeal was granted on May 26, 1972. A Pre-Hearing Conference was held by the Railway Transport Committee on September 7, 1972, at which time consideration was given to the manner in which evidence-in-chief would be given at the Hearing scheduled to commence on November 14, 1972. A decision issued after the Pre-Hearing Conference stated:

"In recent years, the practice has grown up in certain cases before the Commission of allowing the texts of evidence-in-chief of witnesses to be circulated among Parties and Intervenor in advance of hearings, and, as each witness is called to testify, dispensing with the reading or oral delivery of such evidence. Instead, after such a witness is qualified and the text of his evidence-in-chief taken formally into the record, he is then open for cross-examination on his evidence-in-chief as though it had been given orally, in the normal way.

The practice has much to recommend it in cases in which complex financial, economic or technical questions are at issue. It permits all Parties and Intervenor to prepare their cases with full knowledge of the issues they must meet, and its most important result is that it saves the time of all those who participate in what tend to be lengthy and expensive hearings.

But it must be said that in no case has this procedure been followed without the agreement of all—the Parties, the Intervenor and the Commission."

Objections were raised and a ruling was made by the Chairman:

"The Chairman: To put the matter in its simplest terms, we think the parties in this case should be allowed to introduce their evidence in the way in which they choose. There is obviously no agreement that it can be done by distribution of written evidence prepared in advance as has been the case in other situations, and in the absence of that kind of agreement, we do not think we have the authority to impose such a requirement on any of the parties."

Following this decision, there was a lengthy discussion about the procedure to be followed at the Hearing and general agreement was reached on the following points:

- "(1) The evidence of the Applicants will be heard first and each of the Applicants' witnesses will give his evidence-in-chief orally, in the normal way, to be followed by cross-examination by counsel for the Respondents. As the Intervenor are all of like mind in supporting the Applicants, they will not be permitted to cross-examine Applicants' witnesses.
- (2) On the completion of the evidence of the Applicants, witnesses for each of the Intervenor will give their

evidence, to be followed by cross-examination by counsel for the Respondents.

- (3) On the completion of the evidence of the Intervenor, the evidence of the Respondents will be heard. Following the ordinary practice in cases before the Commission, counsel for the Applicants and each of the Intervenor will have the right to cross-examine Respondents' witnesses, although the Committee expects that this will be done in such a way that there is no repetition.
- (4) Upon completion of the evidence of the Respondents, the Applicants will have the right to introduce rebuttal evidence as will the Intervenor, but in their case only in so far as Respondents' evidence bears directly on the cases they themselves have presented.
- (5) Argument will be given orally on a date to be fixed after the Committee has heard from counsel concerning this question.
- (6) As far as possible, Parties and Intervenor will endeavour to make any written material which it is intended shall form part of the record available to each other in advance of the commencement of the hearing on November 14, or as soon thereafter as is practicable. The Committee made it clear to the pre-hearing conference that it wished to avoid the time-consuming process of formal identification and description of exhibits and wished to see a procedure adopted which would ensure the recording of material intended to be introduced as exhibits in advance of presentation through witnesses. There was general agreement on the desirability of adopting this procedure.
- (7) For the purpose of simplifying the issues before the Committee in this case, it was suggested to the Parties and the Intervenor that an officer of the Commission, namely Mr. Hanley, its Executive Director of Traffic and Tariffs, meet with representatives of the Parties and the Intervenor for the purpose of achieving agreement on such of the material facts in the case as might be susceptible to agreement. This procedure was agreed to, and, since September 7, Mr. Hanley has met with representatives of the Parties and the Intervenor on a number of occasions for the purpose, and the Committee will issue the resulting statement of agreed facts immediately it is ready. It is the intention of the Committee to incorporate this statement in the record at the commencement of the hearing on November 14."

The statement of agreed facts was produced and did form part of the record of the case in the manner indicated. The similarity between this procedure and suggestions made at the end of the hearing in the Rapeseed case by parties to it will be noted. By the most conservative of estimates, two weeks of hearing time were eliminated as a result.

The hearing in the Newsprint case involved 27 sitting days between November 14, 1972, and December 5, 1972, and between March 1 and March 16, 1973. The Commission's investigation is continuing and the decision is pending.

REVISED PROCEDURE IN CASES UNDER SECTION 23

The kind of conference held in the Newsprint Case which, as indicated, resulted in agreement on otherwise

contentious material, is one of the procedures on which to the limit of its powers the Commission will insist in all future freight rate cases.

PROCEDURAL PROBLEMS AND IMPROVEMENTS

The basic problem in devising expeditious procedures for handling Section 23 cases with reasonable dispatch results from the adversary process in which each side, in the Commission's experience, has attempted to exploit its legal rights to the maximum. Given the legal constraints under which the Commission must operate in these cases, and the present emphasis of the courts on strict observance of the rules of natural justice, it is difficult to see how the Commission can impose a more expeditious procedure beyond a continued insistence on the technical conference approach that precedes a hearing, with the objective of reaching agreement on facts wherever possible, and otherwise defining issues to which the hearing that must take place can be limited.

THE RIGHT TO BE HEARD

It is important to bear in mind that the requirements of natural justice are, generally speaking, fully satisfied when parties have an opportunity to participate fully at both the pre-hearing and the hearing stages of the proceedings. The fundamental principle at stake is, as has already been stated, that each party has a right to be heard before a decision, but it is of equal importance that no party be excluded from any part of the decision-making process, and this applies with equal force to the pre-hearing stage as it does to the hearing itself.

It may be that on the question of the pre-hearing conference, outside interests such as the provinces and the railway companies should be consulted again before the pre-hearing process takes its final form, but there seems to be such general agreement as to its desirability that, unless there is a demonstrated need for such consultations, it will be the intention of the Commission to proceed as indicated, of its own motion.

It follows from what has just been said that in the Commission's view there is a limit beyond which it has not the power to require parties to give up their basic legal right to a hearing, to the opportunity to be present and to introduce evidence and argument, and the right to be present at all pre-hearing proceedings. Nor in our view would it be desirable to recommend any such abridgement of rights, because in the long run far more would be lost than would be gained in the more expeditious disposition of freight rate appeals and complaints.

SHORT-FORM PROCEDURE

However, there is an alternative procedure which has a great many attractive features and would depend for

its efficacy on the consent of the parties to any given case. The Commission proposes to devise an optional, alternative short-form procedure that parties could choose to use with a view to expediting matters. Such a short-form procedure could be applied both to the *prima facie* stage and to the substantive hearing after the *prima facie* decision, in cases under Section 23.

Since the *prima facie* stage involves an act, omission or the effect of a rate that may be prejudicial to the public interest, it is likely that a short-form procedure will be more readily acceptable for this stage. The Commission has issued decisions in three cases under Section 23 at the *prima facie* stage, granting leave to appeal, and, among other things, those decisions have settled the basic rules under which an applicant for leave to appeal against an act, omission or the effect of a freight rate must bring his case. Despite strong arguments to the contrary, the Commission was of the firm opinion, and so decided, that the procedure for bringing on an application at the *prima facie* stage should be as simple as possible. This means, in essence, that an applicant's material can be placed before the Commission in written form, verified by sworn declaration rather than by the more cumbersome and time-consuming process of requiring witnesses to give evidence in open court. These decisions also established that when leave to appeal is being considered at the *prima facie* stage, the kind of proof required to establish "may be" (which is a subjunctive condition) is somewhat easier to provide than that required to establish an existing prejudice to the public interest.

Under the short-form procedure, once the material submitted by interested parties relating to the *prima facie* stage had been received, it would be analyzed prior to a decision whether or not to hold a public hearing to consider the application for leave to appeal. If the Commission concluded from this analysis that it had sufficient before it to make a decision, the parties could be so informed and asked whether they wished to waive their rights to a public hearing on the *prima facie* question. If they did so, a decision could be issued based upon the written material on the Commission's file.

Following a determination that a *prima facie* case had been made out, the parties would be invited to one or more conferences chaired by the senior officers of the Commission rather than a panel of Commissioners. If the issue in question were to be primarily one involving freight rates, such a conference could be presided over by a senior specialist in such matters. Alternatively, if the issue were either legal or economic in character, senior officers with the required expertise could fulfil the same function, with the objective in all cases being to achieve the maximum possible agreement as to the facts and the issues. In other words, the Commission would follow a procedure similar to that adopted in the Costing Inquiry referred to earlier in this report and this would happen whether the short-form procedure was being followed or not.

In any event, following the conclusion of the conference or conferences, the presiding officer would issue a report which would be circulated to all parties and, hope-

fully, agreed to by all parties. At that point in time, the Commission would then set the matter down for hearing with the understanding that the facts and the issues agreed upon need not be subjected to the usual legal rules of proof. In other words, the report could be accepted into the record by the consent of all parties, as was done in the Newsprint Case.

ASSESSMENT OF COSTS

It is always a possibility that a party to a case under Section 23 of the National Transportation Act may refuse to follow the short-form procedure outlined above. It is equally possible that he may, while attending a pre-hearing conference decline to subscribe or agree to any facts or issues that the Commission is attempting to make the subject matter of agreement. The result in such case would be that almost the entire investigation into the subject matter of the appeal or complaint would be conducted through the medium of a lengthy public hearing.

Subject to all proper legal rights, if the Commission reached the conclusion that a party had indulged in tactics which have unduly delayed or frustrated the expeditious disposition of a legitimate freight rate case, the Commission would be prepared to exercise its power to assess the cost of the proceedings against such a party, as is the almost invariable practice in the civil courts of law.

COMPLAINTS UNDER OTHER SECTIONS OF THE ACTS

The foregoing constitutes the procedural improvements that the Commission has either implemented or is contemplating implementing in cases under Section 23 of the National Transportation Act. There are two sections of the Railway Act, namely Sections 277 and 278, under which complaints concerning the minimum and maximum levels of freight rates may be made, as well as two sections of the Transport Act, namely Sections 32 and 33, under which complaints may be made or referred concerning agreed charges between railway companies and shippers. There has been one application under Section 278 of the Railway Act that has been pursued by the applicant, and, as a decision on preliminary questions of law relating to the status of the "captive shipper" is presently pending, it would not be timely to comment on procedures under this section in this report. However, this decision is expected to be issued shortly and the comments and recommendations of the Commission concerning that section will be the subject matter of a further report to you.

As there have been no cases brought to the Commission under Section 277 of the Railway Act or Sections 32 or 33 of the Transport Act since its formation in 1967, no comments or recommendations appear to be necessary at this time.

AREAS FOR FURTHER STUDY AND REPORT

There are at least three major areas under the general heading of "Freight Rate Regulatory Procedures" that

the Commission will be considering as part of its review, but on which it would not be timely to report at this point. There are complexities of both a legal and a technical character involved, concerning which time will be required for study, and in at least two of the areas the Commission considers it desirable to consult with outside interests before reporting finally to you.

1. Railway Costs and Their Disclosure

The first of these areas involves railway costs and their disclosure.

When the National Transportation Act was enacted, it included an amendment to the Railway Act, which declared information respecting railway costs received by the Commission in the course of an investigation to be confidential, and which prohibits publication of such information, unless in the opinion of the Commission such publication is necessary in the public interest.

The issue of cost disclosure, both as it relates to abandonment or rationalization of uneconomic lines or services and as it relates to freight rate regulation, was fully argued during the Railway Transport Committee's Cost Inquiry. The Committee's conclusions on this issue were stated in its Reasons issued with the Cost Order in August 1969.

The principal conclusion reached was that "reasonable disclosure of cost information is necessary in the public interest where cost determination is required of the Committee by the Railway Act." The major qualification of full cost disclosure was that there is information that reaches the Commission from the railways whose disclosure would do the railways actual harm, and the view was expressed that this kind of cost information ought not to be disclosed.

Following from this general statement, the Committee went on to deal with the special circumstances of cost disclosure relative to freight rate complaints arising under what were then Sections 334 and 336, now Sections 276, 277 and 278, of the Railway Act. On this subject, the Committee said:

"Sections 334 and 336 of the Railway Act create a special problem relative to disclosure of cost information.

Section 334 requires that all freight rates shall be compensatory and subsection (5) of that section leaves it open to any person to bring to the Committee by way of complaint or otherwise, information "... containing *prima facie* evidence that a freight rate ... is not compensatory." In such case the Committee must conduct an investigation to determine whether such rate is compensatory.

Since to be compensatory a freight rate must exceed the variable cost, as determined by the Committee, of the movement of the traffic concerned, the Committee's investigation involves information concerning railway costs which will be governed by section 387C.

From the standpoint of the complainant, this raises two fundamental questions relating to disclosure. How can he obtain *prima facie* evidence that the rate is not compensatory without access to cost information, and to what extent should cost information developed by the Committee in its investigation based on his complaint be made available to him?

The Committee is satisfied that there is already abundant data provided within the Waybill Analyses and in the published tariffs to afford the comparisons of rate characteristics needed for a *prima facie* case against an allegedly non-compensatory rate, and that publication of cost information is unnecessary for that purpose. However, should this prove not to be the case, the Committee will reconsider the matter.

Once a *prima facie* case has been established, the need to disclose cost information developed from the investigation of allegedly non-compensatory rates does not appear to be different in principle from that of disclosing such information in cases of abandonment of branch lines or discontinuance of passenger-train services. At the same time, the Committee recognizes that effective disclosure in a case under section 334 could in some circumstances involve proprietary cost information whose publication could cause actual harm to the railway. And, although any captive shipper is free to apply under section 336 for the range of a fixed rate without involving any attempt on his part to develop a cost study, the same problem relative to disclosure could arise as an application under this section is being decided.

The question of disclosure in rate cases was only touched on in argument during the hearing and needs to be explored further, particularly by the railways. Accordingly, the Committee will make no decision concerning the extent to which cost information will be disclosed in cases under sections 334 and 336 of the Railway Act until the circumstances in applications under these sections can be assessed."

During the hearing of the Rapeseed case, reference was made by counsel for certain of the western provinces to the lack of information concerning the railway costs relating to the rates in question in that case, and the desirability of disclosure of those costs as being one of the essential tests of the fairness of rates being considered under Section 23 of the National Transportation Act.

It seems to the Commission that, in view of what was said at the time its Railway Cost Order was issued and the arguments raised since, the entire question of railway cost disclosure needs to be given further consideration, both from the legal and technical points of view, and that the views of provincial, shipper and railway interests on this question should be obtained.

2. The Public Interest and Section 54 of the National Transportation Act

The second area which in the Commission's view requires study in depth relates to the presentation of aspects of the public interest that are within the jurisdiction of the Commission, with reference to the application of Section 54 of the National Transportation Act.

In practically all of the important freight rate cases heard by the Commission, or by its predecessor, the Board of Transport Commissioners for Canada, since the end of the Second World War, the railway companies have invariably been well represented by counsel and experts of the highest calibre. During that same period, the governments of provinces have undertaken the burden of representing the shipping public within their boundaries and, for that purpose, have retained counsel and experts of equally high calibre. There is no sign of change in

this practice. In the Rapeseed case, the Governments of the Provinces of Alberta, Manitoba, Ontario, Quebec and Saskatchewan played their full part as Intervenor on one side or the other, and in the Newsprint case both the Governments of Ontario and Quebec were involved in the same role.

Freight rate regulation is now carried out within the framework of the National Transportation Policy, which is contained in Section 3 of the National Transportation Act. As its name makes clear, this policy is a creation of Parliament and is national in character.

The Commission will consider what recommendations, if any, it should make to you concerning the application of Section 54 of the National Transportation Act, which is concerned with the employment of counsel in the public interest. In doing so, the Commission will bear in mind that in the past the governments of provinces, the shippers and the railways have argued the case for the public interest, each from its own point of view, and that, in the future, the probability is that this practice will continue.

Section 54 of the National Transportation Act reads as follows:

"The Commission may, in any application, proceeding or matter of special importance pending before it, if in the opinion of the Commission the public interest so requires, apply to the Minister of Justice to instruct counsel to conduct or argue the case or any particular question arising in the application, proceeding or matter with respect to any public interest that is or may be affected thereby or by any order or decision which may be made therein; and, upon such application to him by the Commission, or of his own motion, the Minister of Justice may instruct counsel accordingly."

3. Commission's Role in Other Freight Rate Disputes

Finally, there is a distinction to be found in the National Transportation Act and the Railway Act between freight rate situations in which the Commission has regulatory jurisdiction and situations in which it does not. This distinction is sometimes difficult to draw but it is nonetheless a real one.

Bearing this constraint in mind, the Commission can see the possibility of assisting in clearing up disputes over freight rates, which really ought not to be the subject matter of a case under any of the relevant sections of the statute. Not infrequently disputes arise because of misunderstanding or misinformation as between the railway and a shipper and very often, if the difficulty can be overcome or explained informally, the complainant, if not wholly satisfied with the result, at least has a better understanding of his situation and is better able to negotiate his rates with the railway.

Officers of the Commission are already performing this kind of function whenever it is proper and it may be that after appropriate discussions between the railway companies, the governments of provinces, which for the most part maintain freight rate bureaux or advisory services, and the Commission, an informal but nevertheless effective mechanism could be set up for the purpose of straightening out misunderstandings, and perhaps even mediating disputes where all of the interested parties agree that this is something the Commission should do.

E. J. BENSON,
President,

Canadian Transport Commission.

Ottawa, July 19, 1973

MINERAL RESOURCE DEVELOPMENT

This background paper has been prepared by the Government of Canada for the Conference on Western Economic Opportunities, Calgary, July 24-26, 1973. This analysis provides a basis for discussion of issues with the western provinces at the conference and for substantive proposals which will be presented at that time.

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INTRODUCTION

This paper provides a background to discussions of problems and opportunities in the development of Western Canada's energy and mineral resources.

The volumes recently published by the federal government under the title *An Energy Policy for Canada (Phase One—Analysis)* discuss Canada's energy resources and

the issues associated with their development. Consultations with provincial governments on energy policy formulation have been initiated and will continue intensively. For these reasons, the paper does not dwell on matters that relate specifically to energy policy. However, it would be impossible to discuss development opportunities in the West without some reference to its energy base and to the possibilities offered by the presence and the extent of that

base. One section of this paper discusses briefly the importance of the West's energy resources.

The management of Canada's mineral resources begins with the setting of objectives and gathering necessary information to formulate appropriate development strategies. A document entitled *Mineral Policy Objectives for Canada* was recently released by the federal and provincial governments and represents consensus among these jurisdictions on the general aims of a mineral policy. These objectives are related to the western Canadian context for purposes of discussion. This is followed by consideration of four possible mineral policy orientations that might be chosen to reflect desired development aims.

Several aspects of the role of transportation of minerals are discussed.

The final section considers the prospects of resource development and how they may affect population growth and distribution among the four western provinces.

Resource development has shaped Canadian institutions and ways of thinking. These vary from region to region because of the differences in physical resource base, and in the timing and technology of development. Resource development has dominated Western Canada's history. It will continue as a significant factor in the economic, social and political fabric of the West and will affect the West's relationship with the rest of Canada.

In the West, the fur trade was followed by the development of gold, lumber, agriculture based on wheat, pulp and paper, base metals, the mineral fuels and hydroelectric power. Development of these staples represented distinct although overlapping phases in the West's economic history, but they had several characteristics in common:

- Resources have been developed in response to rising demands outside the region;
- They have been moved over long transportation lines —canoe routes, railways, pipelines;
- Development has demanded large initial inputs of financial capital, social capital and technology from outside the region;
- Resources have often been shipped to markets with little processing;
- The control of resource developments has often remained outside the West (and in many cases outside of Canada);
- Local economies have become highly specialized and therefore vulnerable;
- Settlement and population change associated with resource development have been subject to changes in market conditions and technology, with resulting periods of instability.

Trade in resources is still important today, and the market pull is predominantly from the United States and increasingly from Japan and the Pacific Rim. Institutions based on old patterns remain, but the desire to promote new industrial growth within the West has produced

regional changes. The reduction of the stresses caused by these changes is an essential national priority.

The Western Economic Opportunities Conference is responding to the clear realization of the need for a new perception of the political, economic and institutional relations between Western Canada and the rest of the country. For these reasons, the Government of Canada sees among its objectives for the Conference: greater equity and a more stable rate of growth; greater diversity in industrial structure and a broader range of employment with particular attention to processing industries; and economic, social and political institutions which are more sensitive to regional characteristics, challenges and opportunities.

The role of resource development in achieving these aims is important. Growth in the secondary and the tertiary or service sectors is heavily dependent on the presence and effective use of the agricultural, forest, mineral and energy resources of the West. This paper examines the opportunities afforded by the mineral sector and their relationship to the purposes of WEOC.

1. PERSPECTIVES ON REGIONAL RESOURCES

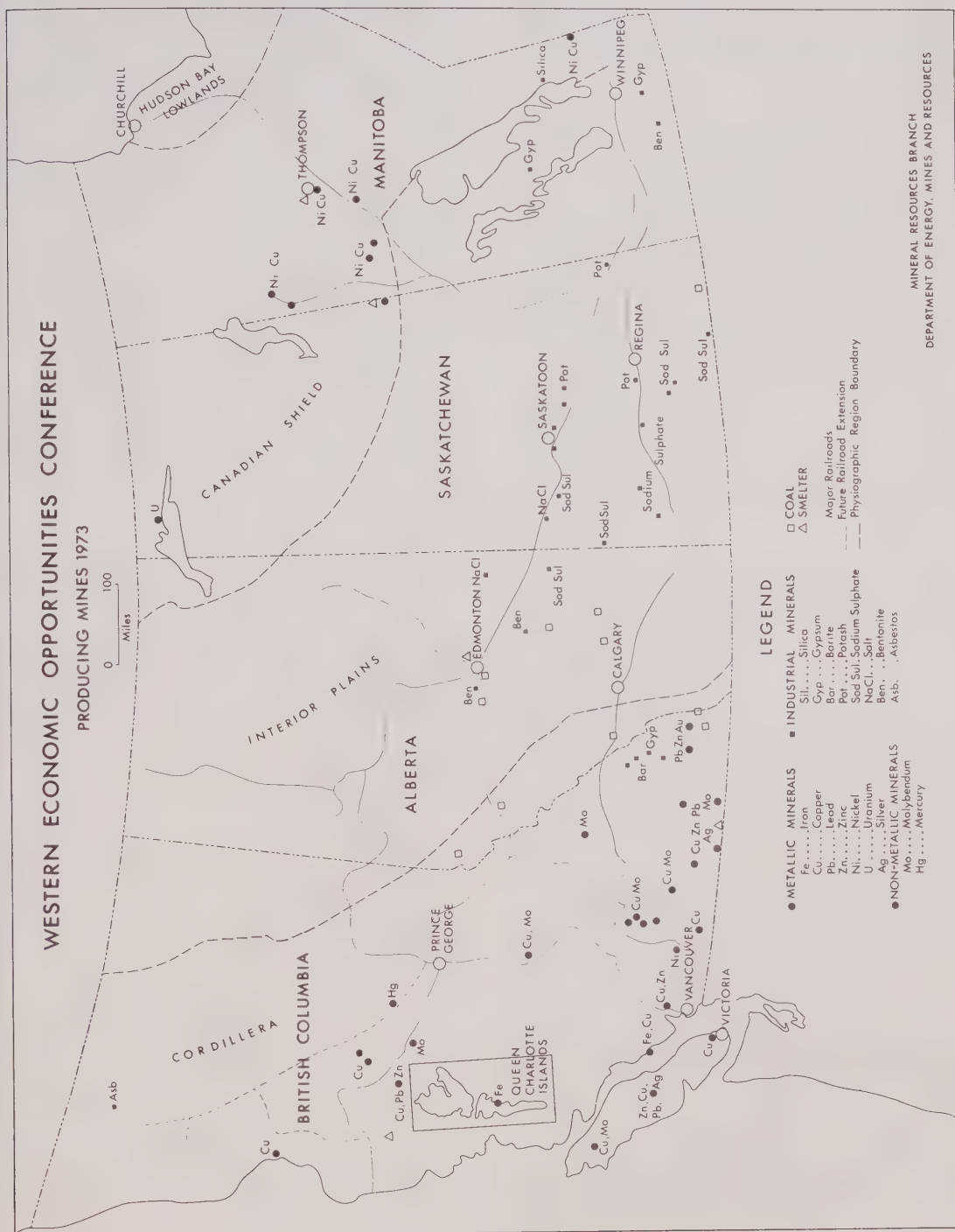
The West is a heterogeneous area with considerable variation in its physical, economic, social and political composition. Conditions affecting mineral resource development are complex. They include the uneven distribution of the resource endowment, the distance and structure of the transport system, the commodity mix and the variation in market conditions, the changing technology of extraction and the differing resource policies among the four western provinces.

The distribution of resources has been a significant determinant in western fortunes. Physically, Western Canada is composed of parts of four great physiographic regions: The Cordillera, the Interior Plains, the Canadian Shield and a segment of the Hudson's Bay Lowlands. Each has its particular resource endowment. The Cordillera has provided British Columbia and western Alberta with an abundance of coal, and British Columbia with a variety of metallic minerals and asbestos. The Plains region, shared in part by all four provinces, is noted for its resources of oil and natural gas, coal, potash, and other industrial minerals. However, even in the Plains, mineral fuels are heavily concentrated in Alberta and northeastern British Columbia, while potash is confined largely to Saskatchewan. The Shield dominates northern Manitoba and northern Saskatchewan, and from it are extracted metallic minerals, particularly nickel, copper, zinc, and some lead, gold and silver. Again the distribution is uneven, Manitoba being more favourably endowed with base metals. Northern Saskatchewan, however, is the scene of Western Canada's uranium production. The portion of the Hudson's Bay Lowlands in Manitoba at present produces no minerals, although there has been some exploration for oil and gas offshore in Hudson's Bay.

The West, therefore, cannot be seen as a single region in terms of the composition and distribution of its resource endowment. The distribution of resources has a profound impact on the timing and pace of development.

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There has been rapid growth in areas such as central British Columbia and Alberta, and slower growth in others. The range of opportunities and problems requires a flexible approach to resource management, including exploration effort, research and development, market stimulation, technological rationalization, production, processing and conservation.

2. ENERGY IN THE ECONOMY OF WESTERN CANADA

The provinces of Western Canada have a large share of Canada's known and potential energy resources. While a high degree of uncertainty remains as to the magnitude of the potential resources, enough is known about them to indicate that their development, production and use will continue to be major factors determining the direction and strength of the Western Canada economy in the future. The way these resources are developed and used will also have a profound impact on the other regions of Canada. There is, therefore, a direct regional and national interest in seeing that all policies concerned with the energy resources of Western Canada are employed to best serve the objectives of western provinces and the objectives of the country as a whole. These policies must recognize the rights of provinces in the development of their own resources and the needs of all of Canada for adequate and secure supplies of energy.

The western provinces have almost all of the proven oil and gas reserves and all of the heavy oil in oil sands formations. While their share of the potential resources of conventional oil and gas is not large, the importance of the oil sands in the total resource picture gives Western Canada about four-fifths of the country's total recoverable oil resource potential as now defined. The western provinces have about 15 percent of the total recoverable gas resource potential and over 98 percent of the country's coal reserves. The percentage of Canada's reasonable assured resources of uranium lying within the western provinces is small, but these provinces contain a large portion of the areas of Canada speculated to contain uranium deposits. The West has one-quarter of Canada's installed hydroelectric capacity and about 45 percent of its undeveloped hydroelectric capacity.

Canada's extensive and diverse energy resources are more than adequate to cover foreseeable requirements. However, careful planning is required to ensure that the large amounts of capital needed for their development will be available, in view of competing capital demands elsewhere in the economy. Care is also needed to ensure that the benefits derived from the development and use of these resources will be appropriate to their value to present and future generations. Because of Western Canada's major position in the country's energy resource base, the costs and benefits of energy supply and demand are of great importance to this region.

Among benefits, employment growth is naturally of first importance in regional development. The energy industries provide employment in jobs directly related to exploration, production, transportation, processing and

marketing. They also support a large manufacturing and service industry base. Jobs created directly and indirectly generate further employment in the economy through the spending of salaries and wages. Jobs associated with energy often benefit areas of Canada where other significant opportunities are lacking. For the large labor-intensive energy projects, care is needed to ensure a maximum degree of participation of labour available within the region.

About one-half of Alberta's labour force depends on the petroleum industry through direct, indirect or induced employment. The employment multiplier—the ratio of total employment generated by an industry to the direct employment in it—has been identified in *An Energy Policy for Canada (Phase One)* as 4.6 in oil and gas development and production activities, one of the highest rates in the resource and service sectors of the economy although some of the rates in the manufacturing sector are higher, notably for petroleum refining which has been 7.8.

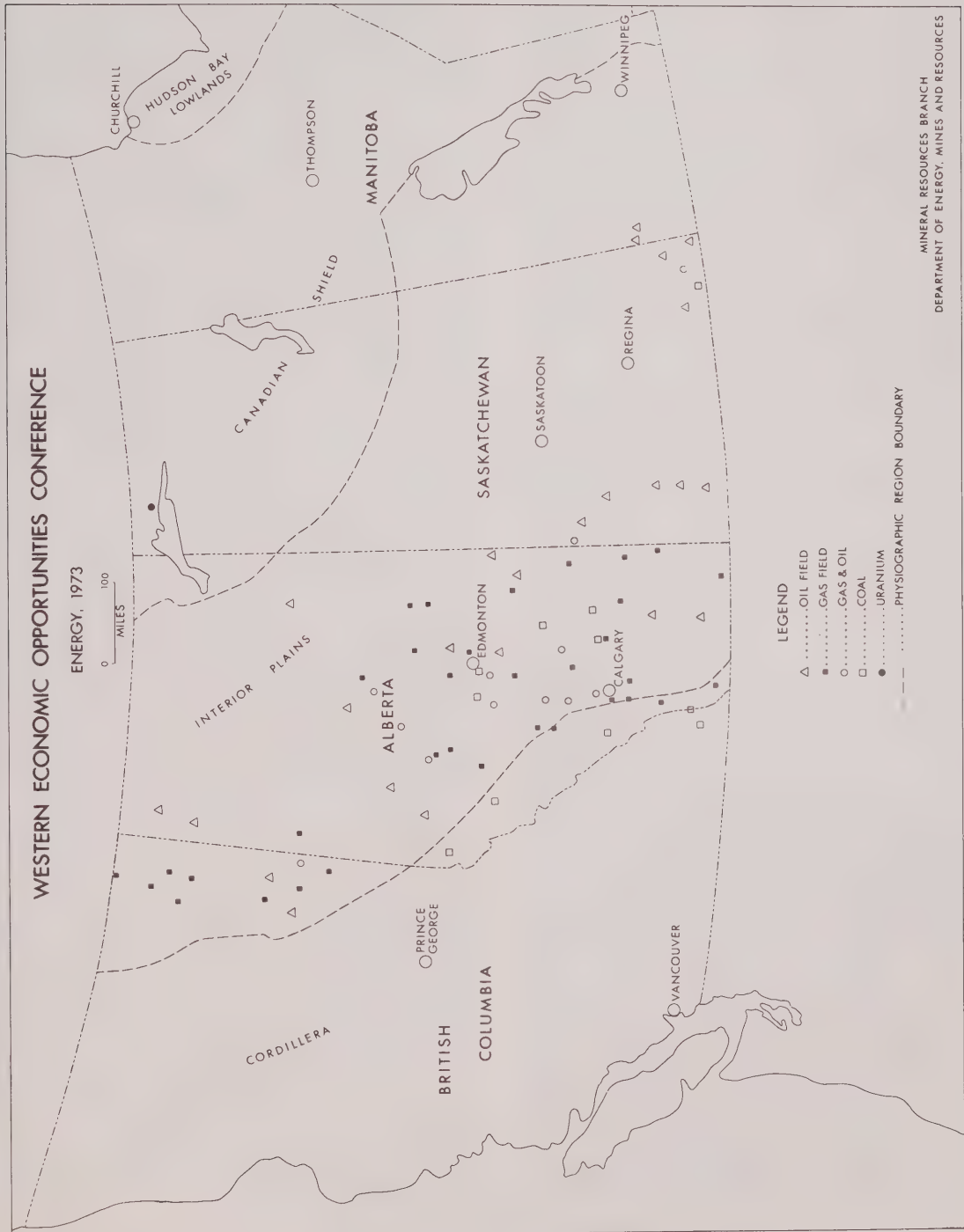
The employment multiplier in coal mining has been only 1.3, reflecting the depressed condition of the Maritime coal industry. However, a recent study of the western Canadian metallurgical coal industry demonstrated an employment multiplier of 4.9 during the operation phase. The electric power utility industry has experienced a favourable employment multiplier of 3.7 and the oil and gas pipeline industry, 4.2.

What is important for employment generation is not only the number of directly and indirectly employed persons but also the profitability of the industry. The work force in a certain industry will grow only if the industry is profitable and has expanding markets.

Employment opportunities have been created in the energy industries of Western Canada because these industries have been strong growth industries. The value of oil and gas production in Western Canada grew from \$91 million in 1950 to \$1,870 million in 1972, a 20-fold increase. During the same period the industry spent over \$20 billion on exploration, development, and production facilities, and related activities.

An important national benefit of energy industry expansion lies in its impact on the balance of payments. During the period 1961 to 1972, Canada's balance on oil and gas trade changed from a deficit of \$187 million to a surplus of \$675 million, all a result of growth of the Western Canada oil and gas industry. The expansion of the Western Canada coal industry and a related increase in exports from \$10.8 million to \$116.4 million in the period 1961-1972 kept the deficit on coal trade to manageable levels despite a doubling in coal imports into Ontario from the United States. The overall balance on energy trade changed from a deficit of \$295 million in 1961 to a surplus of \$560 million in 1972 almost entirely as a result of energy production growth in Western Canada.

With the emphasis now shifting from the development of the West's traditional oil and gas resources to the Athabasca oil sands and the oil and gas resources of the far north, a new role is opening up for the oil and gas



industry of Western Canada and for its other energy resources. This role will involve increasing emphasis on processing of energy resources and on development of manufacturing activity based on readily available energy supplies.

The Athabasca oil sands project alone has involved expenditures to the end of 1972 of \$475 million on goods and services in Canada. It has created jobs for 1,500 with an annual payroll of \$21 million and generated direct and indirect revenues for three levels of government estimated at \$143 million. With oil sands output projected at 10 to 20 times the current level by 1990, the employment and capital investment implications are highly significant for the future economic development of the region.

Planning for further processing and manufacturing based on energy involves all energy resources—oil, gas, oil sands bitumen, coal, hydro, and nuclear. Joint processing possibilities need to be thoroughly explored and new areas of technology should be continually appraised. For example, the combined processing of natural gas with coal or oil sands bitumen is a good possibility. Another is the use of nuclear generated heat in the processing of fossil fuels.

Coal and oil sands bitumen are characterized by a high carbon content and relatively low hydrogen content, and their processing to liquid products requires hydrogenation. Natural gas is the most economic source of hydrogen and in future a substantial proportion of our natural gas resources may well be allocated to this type of processing. While most of the present energy uses of natural gas can be essentially replaced by electric power with today's technology, liquid fuels will probably be required for aviation and ground transportation for many years into the future.

Petrochemicals include a wide spectrum of products, and whereas virtually any hydrocarbon can technically be used to produce any of these products, economics will dictate the use of certain feedstocks for this purpose. Natural gas is most satisfactory for hydrogen production for ammonia derivatives. Natural gas liquids are most suited to ethylene production. Light crude oil fractions yield aromatics. Coal processing produces unique chemical byproducts. An integrated approach would, therefore, be favoured in developing a competitive petrochemical industry.

The established demand for natural gas is at present so great in North America that even if consumption growth is curtailed, production of synthetic natural gas will be necessary. This could be produced from either coal or oil sands bitumen and might well be integrated with a coal liquefaction plant.

In establishing new processing centres it is of advantage to concentrate a number of related processes in carefully selected areas. This favours the mutual exchange of joint products, the use of joint services such as plant maintenance and management services, and facilitates the establishment of a support system of housing, schools, hospitals, and transportation needs.

Because a number of these further processing and manufacturing industries are still relatively new, much research

remains to be carried out before their feasibility can be precisely determined. Research must be co-ordinated, funded and planned on a long-term basis.

Policy considerations for the energy resources of the western provinces indicate many opportunities for federal and provincial co-operation in all phases of energy resource development and in the application of energy towards the growth and diversification of an industrial economy in Western Canada.

3. MINERAL RESOURCE OBJECTIVES FOR THE WEST

Goals for mineral development in Western Canada should be framed in the context of national mineral objectives and strategy. After considerable dialogue within the federal government and with the provinces, a document entitled *Mineral Policy Objectives for Canada* was recently released. This represents the first phase of the formulation of a national minerals policy, the goal of which is "to obtain optimum benefit for Canada from present and future use of minerals". Twelve policy objectives in support of this goal have been agreed upon by the Government of Canada and the governments of the provinces.

These objectives relate to a number of stages in the mineral development process.

First, a need has been identified to strengthen the knowledge underlying national decision making. At the most basic level, this constitutes a recognition that a thorough understanding of our resource inventory is essential to rational mineral management. Canadians must increase their knowledge of the resources likely to be available to them, and the costs of their exploitation. An adequate inventory, in mineral resource terms, must begin with geoscientific and exploration work, and we can expect the considerable effort already made by governments and industry to be intensified in the western provinces. Increasing our knowledge of our resources also implies an improved capacity to develop technology for their economic and environmentally acceptable recovery. Oil sands extraction techniques are a case in point, and so is the need to find new uses for sulphur. In the marketing of our resources, we must have the ability to evaluate market potential for different commodities and to balance the rate of development with the likely rate of consumption.

Closely related objectives are to improve mineral conservation and to ensure an adequate supply for national needs. Excess production of minerals with currently weak markets, such as molybdenum, sulphur and potash, indicates the need to manage more rationally the pace of development. Unless a byproduct mineral occurs automatically in the production process (sulphur as a byproduct of natural gas production, for example, or molybdenum found jointly with copper), the interests of the industry and the region are best served by conservation until the future warrants further development. However, it is Canada's good fortune that none of the major minerals mined in the West is yet in scarce supply, if viewed in the aggregate. Nevertheless, some areas and communities dependent on mining eventually face decline unless the mine life can be

extended through increasing reserves or conserving existing reserves. Such situations exist or are impending in parts of northwestern Manitoba, northern Saskatchewan and south-eastern British Columbia. The need to meet the objectives of provincial governments while at the same time remaining consistent with general national objectives will be a difficult challenge. Much more research and consultation are needed before objectives for mineral development and the strategies to meet them can be further defined.

The other objectives all assume that a viable mineral sector will be fostered. A number of strategies should be co-ordinated to raise production, to diversify the industry's structure, and to strengthen markets for a number of western minerals. This applies in particular to copper, lead and zinc, which will probably be the most viable commodities. Exploration for these minerals should be sustained. Development of new deposits of potash and molybdenum should wait until markets are firmer and until existing mines reach capacity. New uses and markets for sulphur from Alberta should be pursued aggressively. The development of additional coal deposits should be considered carefully, keeping in mind economic uncertainties and environmental dangers.

The impossibility of separating mineral development from the activities and requirements of society as a whole is recognized in the identification, as further objectives, of the need to relate mineral development to social needs, to minimize its adverse effects on the environment, and to harmonize multiple resource development.

The social needs of the West are most critical in the western northlands. Incomes, employment opportunities and services to the native people are limited. The resource towns of the region are generally prosperous and well-served, but frequently alien to the native people. In particular, new mining towns bring with them modern services in the form of schools, hospitals and social services, and the task now is to ensure that they also meet fully the needs of the native peoples.

Open cast coal mining, oil sands recovery, smelting and refining, are examples of areas where development can conflict with the preservation of the natural environment. Here, as in other cases, there is scope for both federal and provincial initiatives aimed at a reasonable balance between economic and environmental needs, including the further development of technology to minimize the damage.

Development of mineral resources must be compatible with other economic and aesthetic uses of the land. The planning role of government is required to achieve the greatest benefits from new service systems, such as transportation and community services. This means there are likely to be fewer single-enterprise towns and more communities as centres for several enterprises, such as mineral development, forest development, fishing, tourism and communications. There are opportunities to develop multi-enterprise communities in the resource frontier areas of northwestern British Columbia and northern Saskatchewan.

Several related objectives are to increase or better balance the economic returns provided to Canada by mineral development. The objective should be to ensure that Canadians retain the capacity to control decisions, to

create jobs of higher quality, and to invest the wealth generated by resource development. In a world characterized by large, multinational corporations (including some that are Canadian-based), difficult and distant markets, and strong competition from other producers, strategies in support of this objective must not restrain the country's prosperity. There are, however, policy tools available which, if used selectively and realistically, can increase the area of domestic control.

Similarly, increasing the return to Canadians from the export of mineral surpluses and realizing opportunities for further processing are further means of capturing the wealth generated by mineral development. Canada exports the bulk of its mineral production, and a growing proportion of export is in the crude or concentrated form. While in absolute terms smelting and refining capacity has increased in the past two decades, it is insufficient to keep up with the growth in production of the primary product. Exports of metals in fabricated forms are relatively small. There are likely to be further opportunities for smelting, refining and "downstream" industries based on minerals, particularly in British Columbia, where the recent increases in the production of copper are being exported largely in the form of concentrates. Expanding output from the Yukon and Northwest Territories will require new processing facilities or expansion of existing ones.

Some processing opportunities in the three prairie provinces are being identified. Smelting and refining operations for nickel at Thompson, Manitoba, and Fort Saskatchewan, Alta., appear adequate to handle production of that commodity in Western Canada, but it is probable that the Fort Saskatchewan refinery will treat an increasing proportion of nickel concentrates from overseas producers. In Alberta, research and development in new uses for sulphur could provide new jobs and reduce excess inventories of that commodity. Potash mined in Saskatchewan does not require much processing prior to shipment or market. The prospects for further processing in the prairie provinces could be supplemented by industrial development that will take advantage of abundant energy resources—coal, gas, petroleum and hydro-electricity. The presence of energy and raw materials alone is insufficient, however, to guarantee development. Transportation costs, market access, competition from other regions and the availability of capital are important factors. The transportability of energy facilitates the broader distribution of industrial development in the prairies, but it will require concerted effort by government to ensure equitable distribution throughout the region.

Contributing to orderly world development and marketing means a commitment to monitor worldwide trends and to adjust the rate of Canadian activity to them. It may, in some cases, entail a deliberate slowing down in order to avoid problems of over-supply, with resulting impacts on production and employment. But it also implies identification of opportunities from which we can benefit.

Finally, the Mines Ministers have agreed to strengthen the contribution of minerals to national-regional development. The uneven endowment of minerals in Western Canada means that both direct and indirect employment

effects will tend to favour Alberta and British Columbia. The direct effects of the mineral industry—increases in primary sector employment, production and income—will be felt primarily in British Columbia, particularly in the northwest. Stability or modest expansion is possible in Manitoba. The current decline in northern Saskatchewan may be offset by the opening of new uranium mines, but direct effects will be modest. Potash production in southern Saskatchewan should be gradually increased as markets allow, but as this will be utilizing excess capacity, direct employment effects will be minimal. Indirect effects are important but difficult to predict, and efforts should be made to strengthen forward and backward linkages within the mineral sector, and linkages among regions. British Columbia will likely benefit from the most pronounced mineral development. Alberta will benefit from the development of the Athabasca oil sands, as well as from any northern energy developments. Saskatchewan should share in some of the benefits to secondary industry.

More study and analysis remains to be done before the objectives of mineral development agreed to by the federal and provincial governments are translated into concrete measures in support of coherent policies. In the broadest sense, one could contemplate policy alternatives based on quite different assumptions about the principal needs of the country as a whole. None of these very general orientations is likely to be fully adopted, but it may be useful briefly to examine some of them as a means of focussing on the effects of possible policy directions.

One alternative would be a conscious decision to encourage the most rapid possible development of mineral resources. Such a policy would clearly have a favourable effect, at least in the short term, on employment. The mineral sector is becoming more automated, and the direct effect on employment over the longer term would be modest, although significant levels of employment could be realized on a short-term basis during the installation of systems necessary to mine, transport and process increased mineral production. The longer-term indirect effects would be greater if the domestic secondary and tertiary sectors were able to absorb the effects of increased production. More capital would clearly be required and—to the extent capital had to be raised outside the country—there would be an adverse effect on the balance of payments and upward pressure on our dollar. Existing equipment and technology would likely be unable to deal adequately with the harmful effects on the environment.

As another general orientation, governments could adopt a policy of conserving mineral resources exclusively for long-term domestic requirements. This policy would rest on the assumption that our reserves were inadequate to cover any exports, or that the economic benefits would be greater if development were delayed. Much remains to be done to define thoroughly Canada's total resource inventory. Economic analysis, too, could be more sophisticated and comprehensive than it is today, and in any case it would still depend on our knowledge of the earth's resources, which is fundamental to resource policy calculations.

The evidence now available, however, indicates that neither assumption is universally valid. Only in a few cases does it appear that Canada's mineral supplies will be inadequate to cover or even greatly exceed domestic needs. As to long-term economic benefits, it is a fact that alternate sources of the minerals that predominate in Canada continue to be found in other countries, and that the cost of development from those sources is sometimes less than it is in Canada. Further, in a country where the unemployment rate has been relatively high, it is difficult to persuade people that opportunities for development should be foregone in favour of a future whose outlines we can perceive only dimly. This does not argue for an unrestricted development policy. But it does imply that, where supplies exceed foreseeable domestic demand, there is little justification for a policy that would restrict exports unnecessarily. To do so could create balance of payments problems and have negative effects on all the sectors of the economy that depend to some degree on mineral activity. On the other hand, for the relatively few commodities which may be in short supply in Canada, any government which encouraged or permitted development for the benefit of foreign markets, and aggravated shortages at home, would be open to justifiable criticism on the grounds of irresponsibility. A further possibility is to divide domestic markets to benefit both from the security of domestic supplies and from favourable prices sometimes available from foreign sources. The national oil policy is a case in point, although its relevance as a model for non-fuel mineral commodities may be limited.

A third possible orientation is the encouragement of economic diversification through increased mineral processing and mineral-based manufacturing in Canada. Some of the opportunities available under this option were discussed above. A paper which discusses the benefits which can be obtained from further processing has recently been published by the Minister of Industry, Trade and Commerce. The advantages of a further processing policy can be substantial, provided the policy is based on a realistic appreciation of its effects and its costs. Such a policy would also have to take into account the variety of factors which affect the production, manufacturing, and marketing of different commodities, and at different stages in the processing cycle.

A fourth policy orientation could be based on maximizing the wealth generated by mineral resource development. This wealth would then be available to either the public or the private sector for re-investment and the generation of further wealth. This approach was adopted in large measure by Alberta during the development phase of her petroleum industry, where the wealth generated by petroleum development was converted into social capital—schools, roads, hospitals and services—as well as re-invested in the petroleum industry.

The alternatives referred to above are not definitive. Their value is in organizing thinking about what mineral policy might consist of, and what the effects of different actions could be. They are not mutually exclusive, nor can they individually be taken as applicable or appropriate across the board. They must be considered in the light of

the need to differentiate between commodities; to consider policies in a regional perspective; and to determine the form which the benefits from resources developments should take.

4. TRANSPORTATION OF MINERALS IN THE WESTERN PROVINCES

The western Canadian mineral industry has grown steadily in both volume and value of production over the past decade. Excluding crude oil and natural gas, production of western minerals increased from some 9.5 million tons in 1962 to 32 million tons in 1971. Much of this growth can be attributed to the development of the potash industry in Saskatchewan, the advent of coking coal shipments to Japan, and increased sulphur production in Alberta.

Because most mineral production in Western Canada has resulted from external demand, the industry is characterized by commodity movements over long distances, either continentally or overseas. Mining and processing are tightly integrated with the transportation industry. Costs of transportation often determine whether a particular mining operation is viable. In Western Canada, the major mineral commodities most affected by transportation costs are potash, sulphur, coal, and base metal concentrates.

Potash—The rapid development of the potash industry in Saskatchewan in the late 1960s resulted in technological improvements to the rail transport system. Special hopper-cars were introduced, new spur lines were built, and integration between rail and water and truck modes was improved. The cost to the shipper of moving potash to markets outside the country was reduced. However, the industry is faced with severe problems, particularly overcapacity and depressed prices for potash, seasonal peaking in demand in the U.S. market, rail car shortages in peak season, and long distances to the Port of Vancouver.

Sulphur—Production of sulphur in Alberta is non-discretionary because it is part of the production process for natural gas, which is already sold and committed to market. Only about a third of sulphur production in Alberta is marketed, the rest being stockpiled. In 1972, inventories were estimated at nine million tons, and this could reach 25 million tons by 1975. As a result of oversupply, market prices for sulphur are depressed. The U.S. market for sulphur is protected against significant penetration by Canadian sulphur.

The production facilities in Alberta are dispersed, although recent developments in unit-train and solid-train collection have improved the situation. Problems remain at the Vancouver end, where there are delays and inconvenience in the handling and storage facilities.

Probably the best opportunity for the sulphur industry is to find new uses for the Alberta product. Prices for "molten" sulphur are high at present, but production of the molten variety from Alberta stockpiles is uneconomic with existing facilities. The Sulphur Development Institute of Canada (SUDIC) was formed to co-ordinate, monitor and fund research and development on new uses for sulphur. In addition, discussions between Alberta and the

federal government since 1971 have explored possible courses of action to alleviate problems of oversupply, to increase efficiency of marketing of sulphur, and to optimize returns to Canada from this resource.

Coal—The enormous coal reserves of Western Canada have two major uses—thermal coal for the generation of electrical power, and coking coal for the manufacture of steel.

The opportunities for west-bound shipments of coking coal for the Japanese metallurgical market are already established. Large-scale mining techniques, the introduction of unit trains, the construction of new rail lines and terminal facilities at Roberts Bank, and major commitments between Canadian producers and Japanese consumers have resulted in a very large flow of coking coal from the Rockies to the coast.

Base Metals—The most important non-ferrous metals mined and processed in Western Canada are nickel, copper, lead, zinc and molybdenum. These are destined predominantly for markets outside the region and are, therefore, subject to long-distance shipping.

Adding value to ore by concentration, smelting and refining enables the metals to withstand the cost of shipping. Virtually all ore is milled at or near the mine site, and concentrates are destined for smelters and refineries in Canada or overseas. Nickel and copper from northern Manitoba are processed at Thompson, Flin Flon, and Fort Saskatchewan, but some movement of concentrates occurs to Sudbury and Japan. Most of Manitoba's zinc is smelted at Flin Flon. A large proportion of British Columbia's lead and zinc production is smelted and refined at Trail, B.C. But virtually all of British Columbia's increasing copper production is leaving for Japanese markets without processing.

As stated previously, a valid objective in Western Canada is to foster the growth of processing industries for resource commodities. Existing mineral processing industries are all located in the interior, so it would appear that, for these establishments at least, freight rates on refined or smelted products are not prohibitive.

5. TRANSPORTATION SYSTEMS

Railways play by far the major role in the movement of western minerals. Their adequacy involves a number of factors, such as the frequency or availability of service, speed, safety, capacity, standard of equipment, and line construction. It has been noted that integration of the mineral and transport systems has progressed, particularly in the movement, handling and storage of large-volume, low-cost commodities and that integration and specialization have led to significant economies.

Opportunities for expansion of the mineral industry in frontier areas depend on the construction of new railways and roads. Primary access is a critical factor in exploration and development as well as in moving the mineral products out. At present, the most conspicuous developments of this kind are occurring in northwestern British Columbia, an area with great potential for mineral and

forest resource development. Extension of the rail system will open the area for development, as well as bringing a rail link to the Yukon closer to realization.

The transportation industry is important to the mineral industry of Western Canada, especially as the bulk of mineral products are destined for distant markets. Opportunities for expanded markets for large-volume, low-cost products such as sulphur and potash will continue to rely to a considerable extent on innovation in production and transportation. The extension of the railway system into the Canadian northwest will undoubtedly open one of Canada's most promising mineral areas for exploration and development.

6. MINERAL DEVELOPMENT, EMPLOYMENT PROSPECTS AND POPULATION DISTRIBUTION

The economic evolution of the four western provinces since 1945 has resulted in radical shifts in the distribution of population and the location of industry. The predominance of agriculture in the prairies has been overtaken by the development of petroleum and minerals. Saskatchewan and Manitoba have lost population while Alberta and British Columbia are gaining rapidly in population. The rural-to-urban shift has continued unabated, while Winnipeg's traditional metropolitan predominance is being matched by Vancouver, Edmonton and Calgary. The Western Northlands are characterized by a few scattered, but generally prosperous, urban settlements on the resource frontier, and at the same time by an impoverished and rapidly increasing native population who have shared little in the resource developments in their midst.

The necessity for western agriculture to remain competitive in international markets has led to technological advances, farm rationalization, reduction of the farm labour force, increasing migration from rural areas, and an aging population, especially in agricultural Manitoba and Saskatchewan. There is little doubt that, without economic development based on minerals and petroleum, the prairie provinces today would be a more sparsely-settled region subject to all of the economic and climatic uncertainties of agriculture. Minerals and petroleum have been a significant substitute for agriculture in the economic base, but their uneven distribution has shifted economic growth toward Alberta and British Columbia. This unevenness is complicated by the diversity of mineral commodities occurring in the West. While demand is almost insatiable for such minerals as copper, nickel, zinc and oil and gas, the economic environment for molybdenum, potash, sulphur and mercury is not favourable at present.

Nonetheless, the numbers of people employed directly in the minerals and energy sector have increased in all the western provinces over the past decade. Between 1961 and 1971, the approximate increases were:

Manitoba:	3,300 to 6,000
Saskatchewan:	3,700 to 5,100
Alberta:	5,000 to 16,100
British Columbia:	6,500 to 10,800
Total	
Western Canada	18,500 to 38,100

These figures include those employed in mines, quarries and oil wells but not in smelters and refineries, or in dependent secondary and service sectors.

In the same period the provincial increases in population were: Manitoba, 6.7 per cent; Saskatchewan 0.1 per cent; Alberta, 18.2 per cent; and British Columbia, 45.9 per cent. In each province employment in the mineral sector has grown proportionately faster than the population as a whole, with the greatest increases in Alberta and British Columbia.

7. OUTLOOK

The West will rely heavily in future on expansion in the non-agricultural resource sector, the manufacturing sector and the tertiary or service sector. Increased opportunities for employment in the mining and petroleum industries can have important multiplier effects in the rest of the economy, particularly if further processing and mineral-based manufacturing industries are established or expanded.

Manitoba—Manitoba's direct mining employment, having nearly doubled in the 1960s, is likely to increase more slowly over the next decade and reach a figure in the range of 6,400 to 8,400. Virtually all of this growth will occur in the north, particularly in the Thompson area. Employment in the Lynn Lake area could increase slightly and then stabilize, but a reduction could take place in the Snow Lake—Flin Flon area. For Manitoba as a whole the outlook for a stable and strong mineral industry is good, but expansion in mineral-related employment may be more modest. The smelters at Flin Flon and Thompson are already well established; significant expansion in further processing is unlikely. Assuming an employment multiplier of 4, minimal excess capacity, and developed inter-regional and inter-industry linkages, Manitoba could expect an additional 4,000-5,000 jobs based on the mineral sector.

Saskatchewan—During the 1960s, Saskatchewan's mining employment declined because of weakening markets for uranium, then increased significantly toward the end of the decade with the advent of potash mining. From its present level of about 5,600, direct mining employment could increase to 6,600 by 1981 (the lower and upper ranges might be 5,300 and 7,700). This increase should occur largely in the south-central potash area near Saskatoon, but also in the Esterhazy potash area and in Northern Saskatchewan. The potash industry, now operating very much below capacity, will gradually increase production to use up excess capacity, but employment gains will probably be modest. In the north, the potential for new base-metal mines is unknown at present, but further work could provide opportunities. Production of uranium will increase and new mines will be opened as the world market for uranium expands later in this decade.

Saskatchewan's prospects for employment growth based on the mineral sector could range from stability to the addition of 4,000 to 5,000 people.

Alberta—The dramatic growth of mineral-related employment in Alberta during the 1960s was dominated by

the fuels sector, and this will continue to be the most important element of the province's industry. Total employment directly resulting from mineral development is most likely to increase from its present level of over 16,000 to somewhere between 18,900 and 22,650. By far the greatest number would be employed in the fuels operations—crude petroleum, natural gas, sulphur, and coal. The Athabasca oil sands are a great potential resource, but production of oil and petroleum byproducts from the oil sands depends on a massive additional investment in research and technological improvement. Production of coal for the Japanese market should increase, and could further expand if eastern markets became available. Sulphur production will increase as natural gas is treated; in itself, its potential for employment growth is limited unless new uses for sulphur are found.

The outlook for Alberta is bright. The secondary and tertiary infrastructure related to the fuels industries is well established and growing. The cities of Edmonton and Calgary, therefore, will continue to increase in population as a direct consequence of the strength of Alberta's mineral fuels industries.

British Columbia—British Columbia has Western Canada's most diverse mineral industry, both geographically and in commodity mix. It is dominated by mining of copper, petroleum crude, molybdenum, zinc, natural gas, lead, and coal (increasing order of value of production in 1970). Metallic minerals will continue to lead other commodity groups, but fuels can be expected to increase in relative importance. Over all, British Columbia's mining employment is expected to increase from its present level of over 9,000 to some 14,900 by 1976 and to decline thereafter to a stable level of about 13,800 by 1981. (The estimated lower and upper range for 1981 is 10,330 to 16,090).

However, British Columbia is probably Canada's most promising, and one of the last remaining frontier mining regions, in the sense that large areas remain to be explored. As a result, the above figures may not be a true indication of things to come. This is especially true of the northwest, where there are occurrences and indications of several very large, low-grade base metals deposits, primarily copper, whose development awaits arrival of the British Columbia Railway. In central and southern

British Columbia, the exploitation of exceptionally large porphyry copper deposits is still in the early phases. And in eastern British Columbia the mining of coking coal has expanded rapidly.

British Columbia's fortunes lie in its generous mineral endowment, but also in the Japanese market which has in large measure financed mineral development in the province. Opportunities for further growth have by no means been exhausted, and this is true in both mining and mineral processing. British Columbia has no smelter or refinery for copper, and exceedingly large tonnages of concentrates are exported to Japan without processing. Two and perhaps three processing plants could be feasible in British Columbia on the basis of the quantity of concentrates.

Population growth resulting directly from mining—and mineral processing, if established—will be most notable in the south-central, southeastern, central and northwestern parts of the province. British Columbia's mining industry is increasingly capital-intensive, requiring sophisticated infrastructure for extraction and transportation. The development of backward and forward linkages within the province should result in substantial increases in employment in the secondary and tertiary sectors of the economy. Population increases should occur most significantly in Vancouver, but the resource towns of the interior will also continue to expand. In the northwest, new towns will probably have to be established. British Columbia is one of the few areas of Canada where the rural non-farming population has increased in recent years. This is due to resource development, and the trend will continue.

CONCLUSION

Resource development has historically played, and will continue to play a major role in the economy of the western provinces. Its importance will be considerable in any extension of the West's industrial base. While it is essential not to exaggerate the effects of resource development on employment or in the service of population objectives, careful management of the earth's resources, extended to the refining and processing of these resources, can offer important opportunities for job creation and the generation of wealth, and can assist in the development of a viable industrial base.

SELECTED TABLES ON MINERAL PRODUCTION IN CANADA¹

COAL

	1962		1970		1972	
	(000 tons)	(\$000)	(000 tons)	(\$000)	(000 tons)	(\$000)
Canada.....	10,217	69,200	16,604	86,067	20,949	154,151
Saskatchewan.....	2,247	4,555	3,819	7,400	3,261	6,356
Alberta.....	2,121	10,001	6,784	28,176	9,156	52,773
British Columbia.....	821	6,056	3,483	25,689	6,676	74,894

COPPER

	1962		1970		1972	
	(000 pounds)	(\$000)	(000 pounds)	(\$000)	(000 pounds)	(\$000)
Canada.....	914,770	282,733	1,345,434	779,242	1,601,241	809,895
Manitoba.....	25,475	7,898	95,811	55,620	117,021	59,187
Saskatchewan.....	64,034	19,850	38,946	22,609	26,277	13,291
British Columbia.....	108,979	33,766	211,644	122,829	495,710	250,730

GOLD

	1962		1970		1972	
	Ounces	(\$000)	Ounces	(\$000)	Ounces	(\$000)
Canada.....	4,178,396	156,314	2,408,574	88,057	2,079,000	76,059
Manitoba.....	68,259	2,554	34,642	1,267	40,000	1,463
Saskatchewan.....	66,034	2,470	44,889	1,641	31,000	1,148
Alberta.....	186	7	152	5,557		
British Columbia.....	159,492	5,967	101,197	3,700	121,000	4,413

IRON ORE

	1962		1970		1972	
	(000 tons)	(\$000)	(000 tons)	(\$000)	(000 tons)	(\$000)
Canada.....	27,360	263,004	52,314	588,631	50,710	563,150
British Columbia.....	1,794	18,327	1,879	17,392	1,286	11,480

LEAD

	1962		1970		1972	
	(000 pounds)	(\$000)	(000 pounds)	(\$000)	(000 pounds)	(\$000)
Canada.....	430,659	42,721	778,370	123,138	742,664	114,557
Manitoba.....	7,584	752	1,010	160	387	60
British Columbia.....	335,283	33,260	214,839	33,987	187,967	28,994

MOLYBDENUM

	1962		1970		1972	
	(000 pounds)	(\$000)	(000 pounds)	(\$000)	(000 pounds)	(\$000)
Canada.....	818	1,261	33,772	57,141	24,844	34,022
British Columbia.....	—	—	31,276	52,561	23,975	32,545

¹Source: Statistics Canada (1972 figures subject to revision)

NATURAL GAS

	1962		1970		1972	
	(000 cubic ft.)	(\$000)	(000 cubic ft.)	(\$000)	(000 cubic ft.)	(\$000)
Canada.....	894,671,614	104,061	2,277,108,791	315,100	2,851,630,000	380,563
Saskatchewan.....	35,949,495	3,782	62,594,067	7,332	68,712,000	8,663
Alberta.....	660,301,759	83,462	1,870,507,110	265,912	2,329,105,000	322,225
British Columbia.....	114,758,260	10,856	326,564,797	35,200	424,865,000	42,710

NATURAL GAS BY-PRODUCTS

	1962		1970		1972	
	(000 barrels)	(\$000)	(000 barrels)	(\$000)	(000 barrels)	(\$000)
Canada.....	16,905	32,665	77,783	160,110	106,947	245,412
Saskatchewan.....	974	1,731	1,555	2,709	1,510	2,829
Alberta.....	14,479	30,463	74,496	154,017	103,677	238,801
British Columbia.....	1,452	2,643	1,732	3,384	1,760	3,782

NICKEL

	1962		1970		1972	
	(000 pounds)	(\$000)	(000 pounds)	(\$000)	(000 pounds)	(\$000)
Canada.....	464,484	383,785	611,762	830,167	512,934	697,528
Manitoba.....	122,963	102,586	158,242	214,823	131,143	179,050
British Columbia.....	3,476	2,903	3,408	4,703	3,330	4,730

PETROLEUM CRUDE

	1962		1970		1972	
	(barrels)	(\$000)	(barrels)	(\$000)	(barrels)	(\$000)
Canada.....	244,147,014	548,280	448,252,327	1,115,272	561,201,401	1,569,000
Manitoba.....	3,926,683	9,436	5,908,389	14,858	5,275,000	14,559
Saskatchewan.....	64,432,411	141,680	89,486,610	199,770	86,989,000	219,212
Alberta.....	161,131,140	375,827	325,592,146	841,453	444,165,427	1,270,000
British Columbia.....	8,914,220	16,872	25,361,336	60,665	23,935,925	63,000

POTASH

	1962		1970		1972	
	(000 tons)	(\$000)	(000 tons)	(\$000)	(000 tons)	(\$000)
Canada.....	N/A	3,000	3,420	108,695	4,130	140,500
Saskatchewan.....	N/A	3,000	3,420	108,695	4,130	140,500

N/A—Not Available

SILVER

	1962		1970		1972	
	Ounces	(\$000)	Ounces	(\$000)	Ounces	(\$000)
Canada.....	30,422,972	35,443	44,250,804	81,864	48,488,000	80,489
Manitoba.....	847,879	988	660,755	1,223	814,000	1,351
Saskatchewan.....	762,215	888	491,953	910	401,000	665
Alberta.....	17	—	14	—	—	—
British Columbia.....	6,186,937	7,208	6,511,316	12,046	7,238,000	12,015

SULPHUR (ELEMENTAL)

	1962		1970		1972	
	(000 tons)	(\$000)	(000 tons)	(\$000)	(000 tons)	(\$000)
Canada.....	695	9,288	3,548	28,354	3,271	18,593
Manitoba.....	N/A	57	8	72	4	111
Saskatchewan.....	N/A	22	26	210	25	247
Alberta.....	N/A	8,308	3,454	27,587	3,139	17,072
British Columbia.....	N/A	863	59	468	58	330

SULPHUR IN SMELTER GAS

Canada.....	293	3,090	706	7,433	630	5,223
British Columbia.....	N/A	2,006	221	2,208	226	1,874

N/A—Not Available

URANIUM

	1962		1970		1972	
	(000 pounds)	(\$000)	(000 pounds)	(\$000)	(000 pounds)	(\$000)
Canada.....	16,859	158,184	8,209	50,237	9,796	N/A
Saskatchewan.....	4,054	39,901	1,531	N/A	1,327	N/A

N/A—Not Available

ZINC

	1962		1970		1972	
	(000 pounds)	(\$000)	(000 pounds)	(\$000)	(000 pounds)	(\$000)
Canada.....	926,289	112,081	2,503,821	398,859	2,647,293	504,851
Manitoba.....	99,840	12,081	78,926	12,573	91,850	17,516
Saskatchewan.....	61,799	7,478	43,665	6,956	33,150	6,322
British Columbia.....	413,431	50,025	275,591	43,902	267,515	51,015

INDUSTRIAL AND TRADE DEVELOPMENT

This background paper has been prepared by the Government of Canada for the Conference on Western Economic Opportunities, Calgary, July 24-26, 1973. This analysis provides a basis for discussion of issues with the western provinces at the conference and for substantive proposals which will be presented at that time.

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INTRODUCTION

The economy of Western Canada has, to a considerable extent, been based upon resource-oriented industries. Agriculture, fisheries, forestry, mining, energy, and the related service industries are the major sources of employment and incomes. During the post-war period, however, manufacturing activities have expanded considerably, if still inadequately.

Federal industrial-trade policies seek to accelerate the further growth and diversification of the economy of Western Canada. There are four broad development objectives for the West:

- Continued industrial and commercial growth.
- Increased industrial diversification.
- More balanced industrial development across the West.
- Improved quality of life in a job context.

Existing policies are being reviewed and important new programs are being initiated which will be even more responsive to the needs of western provinces. The following material outlines some of these activities.

1. INDUSTRIAL STRATEGY FOR WESTERN CANADA

Like other regions of Canada, the western provinces seek a "strategy" for industrial development and diversification. The term "industrial strategy" can, however, be misleading. It implies a nice, clean "blueprint." It raises expectations of instant solutions. A more practical approach, consists of a list of objectives, a coherent set of industrial policies, and sector strategies for individual industries. These principles apply equally to industry in other regions of the country.

The Three Segments of Industrial Activity

The establishment of industrial objectives and strategies must be considered in terms of three basic segments: primary, secondary and tertiary.

Primary or resources segment—renewable and non-renewable resources, the resource and energy industries. Canada is one of few industrial nations which is largely self-sufficient in both, and much of this resource endowment is found in Western Canada.

Secondary segment—manufacturing and processing industries. Canada has one of the smallest domestic markets for a major industrial country. Our continued prosperity will depend upon our ability to compete internationally and to gain access to the markets of other countries.

Tertiary segment—our service industries. A major portion of all employment is in the service sector, about one-half of which is in goods-related services. The other half is almost equally divided into personal services and government services.

Objectives for Resources Upgrading and Industrial Development

Six key objectives for future resources upgrading and industrial development stand out.

- To develop an efficient and internationally competitive processing and manufacturing industry to meet competition at home and abroad.
- To achieve the maximum attainable levels of employment to match the current and future growth of the labour force.
- To increase incomes and to provide for regional economic expansion which will reduce regional disparities.
- To increase the processing of natural resources in order to maximize the returns from these resources.
- To provide for greater domestic control of the Canadian economy so as to create conditions conducive to greater Canadian entrepreneurship at home and abroad.

—To contribute to the improvement in the quality of life in all parts of Canada by creating satisfying jobs for Canadians and by reducing the harmful effects of industrial activity on the natural and social environment.

A Coherent Set of Industrial Policies

Future industrial development—the pursuit of these objectives—requires a coherent set of industrial policies. The broad range of policy instruments and industrial policies available include:

- Tax policies
- Trade and tariff policies
- Industrial support policies
 - research and development incentives
 - productivity improvement
 - export market development
 - management training
 - on-the-job training
 - technical assistance
- Manpower policy
- Regional development policies
- Competition policy
- Foreign investment policy
- Resources—minerals and energy policy
- Transportation policy
- Communications policy
- Environmental policies

Selective Industry Strategies

The most practical approach to industrial development is to identify problems and opportunities on an industry-by-industry basis. This recognizes the particular circumstances of various regions and industries.

Different strategies will be required in each case. For instance, "strategies" tailored for machinery, pulp and paper, ocean research, shipbuilding, construction and others are being developed. Such an approach concentrates on those sectors which have an unrealized potential or are facing severe problems of adjustment.

While formulating the objectives and strategies for Canadian industrial development, the government will continue to develop programs and policies designed to encourage the establishment and growth of such "special players" as Canadian small business, Canadian-based multinational corporations and consortia for international marketing.

It is with this approach that the best interests of the West, other regions and Canada as a whole can be served.

2. INDUSTRIAL SUPPORT PROGRAMS

The federal Department of Industry, Trade and Commerce administers a broad range of assistance and incentive programs that encompass product innovation and

design, productivity improvement, management development, industrial restructuring and marketing. These programs have assisted the growing international competitiveness of Canadian industry. A review of program activities over the past few years indicates clearly that industry in Western Canada has derived considerable benefit which furthered the diversification of the region's industrial base. The federal government, however, appreciates the need for further initiatives that are even more responsive to particular industrial development needs of the western provinces.

Some of the new or expanded initiatives of the industrial support programs which are of particular significance to Western Canada are discussed in the following sections.

Small Businesses

Given the objective of encouraging the expansion of manufacturing and processing in the western provinces, measures pertaining to small businesses are particularly important because of the relative preponderance of such enterprises in the region. Approximately 67 per cent of the total number of manufacturing establishments in the West in 1970 had fewer than 15 employees. This compares with a national average of approximately 59 per cent.

Two problem areas which are frequently cited, in the context of small business are lack of access to financing and inadequate management. These two areas are not mutually exclusive in that financing problems often result from less than adequate management capabilities. A number of studies of business failures have identified poor management as a major cause of difficulties.

Over the years, the provincial and federal governments have responded to needs in these areas by introducing a variety of programs. In the areas of financing, responses by the federal government have included the establishment of the Industrial Development Bank, the Small Businesses Loans Act, and the General Adjustment Assistance Program. Management assistance programs, such as the Counselling Assistance to Small Enterprises (CASE), the Business Management Training Program, the Industrial Engineering Service, and the Management Advisory Services of the Industrial Development Bank have been established. Other measures include the Technical Information Service of the National Research Council which provides assistance in the area of technology transfer.

The preferred 20-per-cent rate of income tax for small businesses is a major concession intended to assist and encourage such enterprises.

Despite the number and variety of programs already in place to assist the owners of small and medium-sized businesses, such firms continue to face problems directly related to their size. For example, it is often difficult for the manager of a small business to keep abreast of the many activities, both federal and provincial, intended to help him. Furthermore, if he is not aware of changes in tax laws, or of new approaches to management, production and marketing he can be at a serious disadvantage.

Loan and Development Agency for Small Business

A major new initiative has recently been announced by the Minister of Industry, Trade and Commerce to assist small businessmen to improve and strengthen their operations.

The Government of Canada plans to establish a loan and development corporation for small business as the basic instrument for a more closely co-ordinated and decentralized policy of assistance. The corporation will provide a complete "package" of assistance to small businesses in the areas of financing, management counselling, and management training. It will act as the vehicle to achieve maximum rationalization and simplification of government assistance programs for small businesses. It will provide "one-stop shopping" for the hard-pressed manager of a small enterprise. Its activities will also be closely tied-in with regional interests and opportunities.

Financing Function of the Corporation

The financing facilities of the Industrial Development Bank will be incorporated in the new organization and will be expanded to include:

- further streamlining of loan processing procedures and security requirements;
- introduction of new features in term lending, such as flexible repayment requirements;
- equity investment in cases where it is needed on a term basis to support the financial viability of an enterprise, and
- increased responsiveness to regional needs for financing.

Advisory Function of the Corporation

The new organization will also incorporate and undertake:

- the management counselling services now offered by IT&C's Counselling Assistance to Small Enterprises (CASE);
- the management counselling services now provided by the National Research Council through its Technical Information Service (TIS);
- the management advisory services now available through the Industrial Development Bank;
- the management training services for small businesses available from the Department of Manpower and Immigration;
- a comprehensive inventory on government programs which are relevant to small business operations and directing business to appropriate sources of assistance.

Organization of the Corporation

The new agency will be an independent Crown corporation reporting to Parliament through the Minister of Industry, Trade and Commerce. The corporation will be managed by a board of directors, the majority of whose members will be drawn from the business community with

appropriate regional representation. It is planned that the operations of the corporation will be decentralized as much as possible to ensure its sensitivity to the regional problems and interests of small businesses.

In addition, regional advisory councils will be established to advise the board of directors on the problems and needs of each region and to promote public awareness of the services offered by the corporation.

Counselling Assistance to Small Enterprises (CASE)

In order to implement its expanded program of counselling while the new organization is being established, the government has announced its intention to open several new CASE centres in the current fiscal year. Three of these new centres will be located in the western provinces. Responsibility for the operation of this program will be assumed by the corporation once it is established. At present, there is a CASE office in Winnipeg.

General Adjustment Assistance Program (GAAP)

This program, which has been in existence for several years, is separate from the new agency and performs a different function. It was established in 1968 to enable Canadian industry to restructure its operations to take advantage of export market opportunities arising out of the Kennedy Round of tariff negotiations. Under this program, the government has underwritten bank and other private financing where it is not otherwise available.

The eligibility for assistance under GAAP has been extended to include all manufacturing firms which put forward sound proposals to establish or restructure operations to improve their competitive position in export markets or in relation to imports. Assistance is also now available to certain firms in the service sector to establish or restructure operations where such action can improve the international competitive positions of manufacturers they serve.

In addition, several other important changes to GAAP are being made for the benefit of small businesses. These include provision to make interim advances to alleviate possible hardship encountered by small firms due to delays in obtaining loans from private lenders, and more generous government contributions towards the cost of professional consultants for the purposes of developing restructuring proposals. With the amended program, government may contribute up to 80 per cent of such costs instead of up to the 50 per cent currently permissible.

Product Innovation and Research Assistance

The Department of Industry, Trade and Commerce has developed and implemented a range of programs to encourage technical innovation in Canadian industry. More than \$25 million, for example, has been granted industries in Western Canada under the Program for the Advancement of Industrial Technology. The total funding under all product innovation and research programs in the western provinces is estimated to be well in excess of \$40 million.

For the most part, grants are made in response to applications from industry for assistance in its research and development projects. Grants are not limited, however, to industrial applicants. In some provinces, where manufacturing industry is less well developed, grants have been made to "Centres of Excellence", to universities engaged in technical innovation, to provincial research facilities and other specialized research organizations. Examples include:

- more than \$525,000 has been granted the British Columbia Research Centre for Underwater Testing;
- The Industrial Research Institute at the University of Manitoba has been granted \$165,000;
- The Sulphur Utilization Development Institute of Canada is scheduled to receive \$1.4 million;
- negotiations are under way to make a substantial grant to the Industrial Minerals Centre to be established at the Saskatchewan Research Council.

More than 40 per cent of funding for special projects by IT&C will be in Western Canada in 1973-74. Furthermore, the department proposes to review its regular research and development programs with representatives of Western Canada to determine how such programs can be more responsive to the needs of that region.

In a related activity the department is promoting co-operation in the industrial application of science and technology with several other countries—notably the USSR, West Germany, Belgium and Japan. A number of potential opportunities for western Canadian companies have been identified in such fields as transportable housing, pulp and paper mills, agricultural machinery and oceanographic equipment.

The West's natural advantages as a primary producer of gas and oil, mineral, forest, and agricultural products, and its Pacific and Arctic boundaries, provide opportunities for the establishment of activities at the forefront of technology in such fields as oceanography, Arctic research and transportation, and food processing. In many instances, centres of advanced technology, or industrial research institutes or industrial research association could provide an appropriate focus for research and development work. Proposals for the establishment of several new organizations of this kind are under discussion.

Apart from the foregoing, the federal government has provided funding in support of fundamental research in the West. An outstanding example is the Tri-University Meson Facility (TRIUMF) now nearing completion on the campus of the University of British Columbia. This nuclear research instrument is for the joint use of the Universities of Alberta, British Columbia, Victoria, and Simon Fraser University. To date, the Atomic Energy Control Board has provided funds in excess of \$23,000,000 and it is anticipated that operating funds to be provided will approximate \$4,000,000 per year.

Management Development

Under the Program for the Development of University Studies in International Business, the federal government will participate in setting up three centres of excellence at Canadian schools of business. One of these centres will be

in Western Canada. The program is designed to foster greater emphasis on research and studies in international business at Canadian universities. The universities will be encouraged to consider alternative approaches to the teaching of international business, including active interchanges with the business community, internships, or other forms of exposure to the international business environment. The program will consist of two parts: Development grants to faculties of business administration at selected Canadian universities, and annual fellowships for students.

Similarly in fiscal year 1973-74, the government will establish, on a test basis, two management advisory institutes at Canadian universities. One of these will be in Western Canada. The purpose of this program is to create an institutional framework within which university faculty members can effectively undertake management advisory and management research projects sponsored by businesses.

3. UPGRADING OF NATURAL RESOURCES

Despite rising demand for resources in the enlarged EEC, Japan and the United States, Canada as a reliable supplier with a wide range of natural resources available for export continues to ship many products in relatively unprocessed forms. Recent trends indicate that proportionately exports of unprocessed goods are increasing. This wide range of Canadian resource commodities provides potential opportunities for adding value to Canadian output through processing within Canada.

One of Canada's major industrial objectives is to increase processing of Canadian natural resources prior to export wherever such processing would be internationally competitive and compatible with the development of a sound industrial structure. If the opportunities for the upgrading of natural resources could be realized, significant direct economic benefits would be obtained in terms of increased incomes and employment. Furthermore the processed materials could provide a basis for forward integration into fully manufactured products, resulting in a further strengthening and diversification of the economies of those regions now more heavily dependent upon the production and export of raw materials.

The provinces share the responsibility with the federal government for the development and implementation of a national policy on processing prior to export. Consequently, such a national policy must be developed on a co-operative basis between the federal and provincial governments and in close consultation with industry.

The basic element in the development of such an approach is an in-depth commodity by commodity analysis to determine the industrial sectors and areas where the further processing of resources would make economic sense. The federal government proposes to invite the provinces to discuss these matters on a joint basis.

4. INDUSTRY SECTOR PROGRAMS

In addition to its policies and programs which are of general application, the Department has developed and implemented individual sector programs and activities de-

signed to overcome constraints and to build upon the competitive strengths of particular sectors. While these initiatives are national in scope they have been of significant benefit to industry in the various regions of Canada including the western provinces.

The following are illustrative of the relevance of the department's various sector programs and activities to industry in Western Canada and the assistance which they continue to provide for industrial growth.

Oil and Gas Field Equipment

The oil and gas field equipment industry, located primarily in Alberta, produces \$80 million of equipment and services annually and exports \$40 million. The department provides continuing support to this industry sector to find and exploit export opportunities. With departmental support, recent export successes have included sales of oil production equipment to the Middle East and North Africa; sales of oil and gas equipment to India under CIDA; service contracts to inspect pipe for a gas pipeline project in Australia and to assist a gas company in Algeria with its drilling program.

In addition the Canada-USSR Technology Agreement is expected to develop trade opportunities in the USSR for oil field equipment and technology. Under the Agreement, Western Canadian executives are active in the joint oil and gas industry working groups and participated in two recent visits to the Soviet Union. The activities of the oil and gas working groups have identified many areas of interest to the USSR with consequent opportunities for the sale of Canadian equipment and services.

Forest Industries Machinery

About 70 per cent of Canadian output of machinery for use in saw-mills, and veneer, plywood, and particle board plants is produced by firms located in British Columbia.

A major effort is being made with departmental support to form a general consortium of forestry machinery manufacturers in British Columbia (other than for pulp and paper), to act as a single body in bidding on offshore projects. The group will also speak for the manufacturers in approaches to government and private agencies and will serve as an information centre for the members. The consortium is using the Michoacan State Forestry Project in Mexico as a trial project. To date a departmental officer and a consultant have visited the site in Mexico; an incoming trade mission from Michoacan has visited Vancouver under the sponsorship of the department; members of the consortium have visited Michoacan; and an official invitation has been received from the Mexican authorities for a delegation from the consortium to visit Mexico in August.

Sulphur

Problems of oversupply of sulphur are of particular concern to Alberta. One means of overcoming these problems over the longer term is to increase sulphur demand

through the development of new uses. With the assistance of the department, the Sulphur Development Institute of Canada (SUDIC) was formed as a joint venture between the sulphur producers, the Alberta Government and the federal government.

SUDIC's main objective is to promote new high volume uses for sulphur. This will be done by funding development projects in the private sector on a shared basis. SUDIC will also act as a clearing house for new sulphur technology and become the main liaison body with similar organizations in other countries. SUDIC is jointly funded for \$1 million per year for these years.

Potash

Saskatchewan has a serious need to obtain additional export markets for potash. In response to this need the department undertook special promotional efforts in India and China, both new markets for Canadian potash. As a result, India has become a major purchaser of potash under our aid program to the extent of about \$6 million per year. After several years of negotiation with China by department officials, Canada was awarded a contract last year to supply potash worth nearly \$2 million, the largest order China has ever placed for this product. The department is continuing to work closely with Canpotex, the export arm of the potash industry, in an effort to increase further the export sales of this important Saskatchewan product.

Forest Products

The Department of Industry, Trade and Commerce, in co-operation with the Government of British Columbia and the Council of Forest Industries of that province, provides personnel and financial support to the Co-operative Overseas Market Development Program (COMDP), which was initiated in 1971 to encourage industrial expansion through the development of overseas markets for softwood lumber and plywood. Two federally-sponsored missions to Japan identified a large potential market for Western Canada's lumber, plywood and other products arising out of Japan's needs for additional housing. This has led to a number of technical exchanges, including a Japanese Housing Officials Mission to Canada sponsored by the department in March, 1972. The department also participated in technical seminars presented in Japan by the Council of Forest Industries for Japanese government officials and house builders, and is assisting with the construction of three demonstration houses in Tokyo. Plans are under way to formalize discussions by the establishment of a joint Canada-Japan Housing Committee, the Canadian co-chairman of which will be an official of Central Mortgage and Housing Corporation.

Motor Vehicle Industry

The 1965 Canada-United States Automotive Agreement has had considerable benefit in Western Canada as reflected by the growth of the bus and truck industries in this region. Two-thirds of Canadian heavy duty truck and bus

producers are located in Western Canada and all are operating under the Automotive Agreement. The growth rate in production and employment in this industry sector has been twice that of the automotive industry in Canada as a whole.

Manitoba has become a major region for the manufacture of buses and bus bodies for transit, intercity and school buses in Canada. Based on the Automotive Agreement, the major part of bus production in this province is for export, primarily to the United States. Since the introduction of the Agreement, bus manufacturers in Manitoba increased their employment levels to over 1,500 employees in 1972, an increase of 133 per cent. In the same period, substantial new capital investment has increased production eightfold to almost \$20 million annually.

The major production of Canada's heavy duty off-highway tracked vehicle industry takes place in Alberta. Companies in this industry have been exporting to the United States on a duty free basis under the Automotive Agreement since 1965. The government has also actively encouraged this sector for a number of years with development grants and export financing. Production and employment have increased by over 300 per cent since 1965.

The Canadian heavy duty on-highway and off-highway truck industry is primarily located in British Columbia. The logging truck sector of this industry, in particular, has established a reputation for producing some of the finest trucks in the world. The industry has increased production from about \$12 million in 1964 to \$75 million in 1972, a sixfold increase.

Machinery Program

The basic objective of the Machinery Program, which commenced in January, 1968 is to allow the Canadian machinery industry to benefit from the tariff without placing a burden on Canadian users of machinery which is not available from Canadian production. Since the inception of the program as estimated \$68.2 million of duty was remitted to firms in Western Canada. This represents net savings in the purchase of advanced machinery and equipment to modernize or expand their facilities.

In 1971, the provisions of the Machinery Program were extended to importations of machinery for use in sawmills and logging. This new tariff provision resulted from a number of representations from industry in Western Canada requesting that action be taken to reduce the capital costs to users of machinery in the forest industries to assist their competitive position in world markets. Since the introduction of this provision, remission of duty was authorized in respect of proposed importations of some 13,600 machines, with an estimated value of \$135 million.

Marine Industries

The ocean industry is a new and rapidly-growing activity related primarily to the supply of marine equipment and services to explore and exploit offshore resources. The department has taken action to provide advice and guid-

ance to a variety of firms in Western Canada, particularly in Alberta and British Columbia, in relation to the domestic and international market opportunities for such equipment and services.

In the field of marine equipment supply the west coast industry consists of many small firms which are beginning to recognize the assistance available for development through the PAIT and IRDIA programs. This increased awareness of such assistance has resulted from departmental seminars and visits sparked by the need to increase the amount of Canadian-built equipment in subsidized vessel construction. The large number of small vessels in use on the west coast and a strong desire to deal locally present fertile ground for innovation.

5. DECENTRALIZATION AND REGIONAL OFFICES

For national well-being, producers, in the various regions of Canada must share in production and export opportunities. The department attaches great importance to the role of its regional offices in providing liaison with provincial governments and local business firms.

The western regional offices of the department are located in Vancouver, Edmonton, Regina and Winnipeg and account for approximately 40 per cent of the total regional officer strength of the department.

During the last year officers in Western Canada have been responsible for arranging about 20 foreign trade missions as well as introducing nearly four times that number of individual foreign visitors to trade and investment opportunities in the West. Interest in exporting by western Canadian firms is encouraged by the regional officers. Some 300 firms in the West are listed each year in the department's "Exporters Directory", which is used mainly for locating sources of supply for prospective buyers. The department, through its western regional offices, has undertaken a major effort to reach those who could benefit from its services.

Despite these efforts there are still many businessmen who are not fully aware of the assistance that is available to them. The department recognizes that a major effort is required if many of the smaller and medium-sized firms are to be reached. To meet this need the resources of the regional offices will be strengthened to ensure that they are fully capable of fulfilling their role as focal points on matters of concern between the department and provincial governments and business firms in their regions. The department has embarked on a series of general seminars in co-operation with provincial governments and business organizations, to inform interested parties about programs. Such sessions took place in the last quarter of 1972 in Winnipeg, Vancouver and Kelowna, and in May, 1973, in Regina and Saskatoon. Others are scheduled for the fall of this year in Edmonton and Calgary. In each case, senior officials from Ottawa explain and answer questions about programs and services. This is followed by individual interviews between businessmen and departmental officials. A very successful innovation in recent meetings was the inclusion of officials from other federal departments and

agencies, such as Manpower, the Industrial Development Bank, and the Department of Regional Economic Expansion, to provide the businessmen with a "one-stop seminar" of federal assistance to business.

6. INDUSTRIAL DESIGN

With increasing emphasis on the expansion of secondary manufacturing in all four provinces, there is a growing concern with design capability and innovative entrepreneurship. Western businessmen have frequently expressed a desire for assistance in improving and enhancing design awareness.

Some design assistance has been made available to Manitoba and Saskatchewan through the sponsorship of Design Management Courses over a two-year period. These have proven successful and will be continued and expanded. The Department of Industry, Trade and Commerce continues to explore methods and techniques to create design awareness in industry and among consumers.

7. EXTERNAL MARKETS AND TRADE POLICIES

The products of the western provinces have always been of major importance in Canada's export trade both with the United States and with overseas countries. The West supplies a significant part of Canada's exports to the United States including almost all of such major exports as crude petroleum (\$1 billion), natural gas (\$306 million), and fertilizers (\$131 million), important quantities of forest products (\$1.5 billion), nickel (\$308 million) and aluminum (\$247 million) and a growing variety of manufactured and agricultural products. At the same time, the significance of western exports in Canadian external trade has increased with the expansion and opening of markets throughout the Pacific and Far East.

The growth in the Port of Vancouver is a clear reflection of the increase in export activity throughout the West. In the past decade this port has become Canada's leading shipping centre in terms of the bulk of goods handled. Last year ships loaded or unloaded over 33 million tons of freight in Vancouver, a figure which compares with a volume of about 20 million tons at the Port of Montreal. Over the period since 1961 the volume of freight passing through Vancouver has more than doubled. This is an index of the economic growth over these years in British Columbia and the Prairies which form the hinterland to this port.

The expansion in total shipments is in part a result of major increases in important traditional exports such as wheat, barley, lumber and logs. Wheat exports, as an example, reached over five million tons in 1972, a rise of 39 per cent from their level in 1961. Of equal economic significance has been the development of Vancouver as a principal export point for various commodities whose production has grown to major proportions in Western Canada during the past decade. These include wood pulp and newsprint and new large-scale production of coal, potash, sulphur and copper.

An examination of Canada's exports to the Pacific Rim indicates the importance of export markets for the products of Western Canada.

- Exports to Japan reached \$958 million in 1972, and are expected to exceed \$1 billion this year. Many of the commodities making up this total originated largely in the western provinces; for example, coal (\$104 million), wheat (\$87 million), rapeseed (\$70 million), lumber (\$55 million).
- Exports to China were valued at \$259 million in 1972. While wheat makes up the bulk of such shipments at present, there are good prospects that this trade will become more diversified.
- Australia and New Zealand are growing markets and offer great potential, not only for western Canadian wood and agricultural products, but also for many manufactured goods which are or could be produced in Western Canada.

One important factor in the growth of exports of goods and services from Western Canada has been the assistance provided by the Export Development Corporation through export credits insurance and long-term export finance. The objective of the corporation is to provide facilities which are fully competitive internationally with those provided by other developed countries to their exporters. A prospective Canadian exporter whose goods and services are fully competitive in terms of price, quality and delivery terms should not lose sales through the unavailability of appropriate export credits or financing.

With respect to export credits insurance, designed to provide support for short and medium-term (up to five years) export credits where those are required, the number of policies issued to western Canadian producers at March 31, 1973, totalled 278, under which the corporation had a maximum liability of \$74 million. The products covered by these policies range from men's clothing, footwear and forest products, to electrical and electronic equipment and aircraft and aircraft parts. The corporation is prepared to consider applications for export credits insurance cover for all Canadian products, both agricultural and industrial, where such credit is necessary to complete the export transaction with credit-worthy customers.

The corporation continues to seek means to improve its export credit practices. Indicative of recent improvements is an increase from 90 to 95 per cent in political-risk coverage and the provision of preshipment guarantees for the period of production.

Long-term financing (over five years) has become an increasingly important element in international trade in capital equipment and some of the services, e.g. consulting engineering services associated with such requirements. The corporation administers a program of long-term financing for such exports from Canada designed to be competitive with that offered by other developed countries. In the period 1969-72, the Export Development Corporation has provided approximately \$1 billion of buyers' credits to support Canadian sales. About \$110 million of this business has resulted from transactions negotiated by

western Canadian firms. These sales have included off-highway track vehicles, mining equipment, engineering and supervisory services, pulp mills and pulp mill equipment, chemical plants and telecommunications equipment and services.

As with its export credits operation, the corporation in reviewing its long-term financing practices, has been making and will continue to introduce improvements. One such improvement is the provision of long-term lines of credit where careful investigation shows that the countries concerned offer good immediate prospects for the sale of Canadian capital goods and services. The most recent example of such activity has been in Algeria, where the corporation has participated in the granting of a \$100 million line of credit. Another innovation now under development is a proposal to institute a reletting program through selected institutions abroad. Both these changes should have the effect of making long-term financing more easily available to the smaller Canadian exporter.

To provide service to western Canadian exporters, the corporation maintains a regional office in Vancouver.

The main objective of Canadian trade policy continues to be the negotiation of improved access to external markets for the products of all regions of Canada. This policy involves negotiating better access, not only for those resources which have in the past underpinned our trade position, but for up-graded resources and manufactured products which will, in the future, enable sound manufacturing and processing industries to establish in Western Canada and diversify the economic base of the region.

The upcoming multilateral trade negotiations, scheduled to begin in the GATT with a Ministerial meeting in Tokyo in September, will provide the mechanism through which tariff and non-tariff barriers to trade, in both the agricultural and industrial sectors, can be significantly reduced or even eliminated. Successful negotiations will result in major benefits for products of Western Canada as well as of Canada as a whole.

In the agricultural sector the GATT negotiations are likely to include discussions on export subsidies and domestic support and production policies where these artificially result in production surpluses disruptive to international trade. It is envisaged that the negotiations will be particularly significant for Western Canada's grain and oilseed producers who are internationally competitive and export-oriented, as well as to livestock producers who are highly dependent on sales of feeder cattle to the U.S. market.

The United States trade policy since August, 1971, has been strongly influenced by the country's balance of payments situation in general and its adverse trade balance in particular. This preoccupation has led not only to initiatives for world-wide trade negotiations and monetary reform which we have welcomed, but also to a significant tightening of U.S. customs practices and procedures, as well as strong demands for action by its trading partners to improve the U.S. position. There are signs, however, that Canada has been able to get some recognition of the small part played by this country in the U.S. trade balance problem. Of course some bilateral problems do re-

main outstanding and we have indicated our willingness to discuss these on their own merit, on a case by case basis. Nevertheless, our trade with the U.S. is rising rapidly, up 17 per cent over the first quarter of last year. Moreover, both countries recognize the great opportunities in the forthcoming multilateral trade negotiations. We expect that the U.S. initiatives and our own actions will lead to improved access for Canadian exports not only to the United States market but also to other markets of importance to western producers.

Canadian efforts will also be oriented towards obtaining improved access for up-graded resources. Tariffs of resource-consuming nations are usually structured in such a way as to facilitate the importation of raw materials at zero or low tariff rates, while subjecting products with a higher degree of processing to progressively higher rates of duty. Suggestions have already been made by Canadian representatives to GATT that in addition to other techniques for reducing trade barriers, consideration should also be given to eliminating over a period of years all tariff and non-tariff barriers to trade in vertically integrated commodity sectors, e.g. from a mineral ore through to fabricated metal. The negotiations will be particularly relevant for a number of products of interest to western producers: wood products, pulp and paper, copper, nickel, lead, zinc, aluminum and petrochemicals. The successful conclusion of GATT negotiations on these products would make an important contribution to the diversification of the industrial base of Western Canada.

Federal ministers would welcome the views of provincial governments on the forthcoming GATT negotiations and, in particular, on consultation between the federal and provincial levels with respect to the negotiations.

In his statement to the Canadian Manufacturer's Association on June 5, the Minister of Industry, Trade and Commerce announced plans for the establishment of formal consultative machinery to which provinces, as well as other interested parties, could make known their views on the negotiations. The Minister indicated his expectation that the "Canadian Trade and Tariffs Committee" would be established shortly after the September meeting of GATT Ministers.

The western provinces have expressed the desire to be consulted on the trade negotiations. It is the view of the federal government that consultation procedures over and above those provided for in the Canadian Trade and Tariffs Committee are required to meet this request and indeed to reflect the importance of this topic for Canada generally and for all provinces. Accordingly, the Minister of Industry, Trade and Commerce intends to use the conference to elicit the views of his provincial counterparts as to the form of appropriate consultative machinery.

A number of other trade initiatives have recently been undertaken which will undoubtedly benefit the western provinces. Three are particularly noteworthy:

—Since the establishment of diplomatic relations in 1970 with China, the federal government has participated in a number of promotional activities which have generated new export opportunities for products of Western Canada. For example, in 1972 a Canadian

Trade Exposition in Peking highlighted products and equipment of more than 200 firms of which 54 were from Western Canada. In addition, an air agreement has recently been signed between Canada and China, with CP Air as the designated Canadian carrier. Another feature of our new trade relations with China has been the assurance that it will look to Canada first for its wheat requirements.

—In the present negotiation of bilateral trade agreements with Australia and New Zealand, Canada has been seeking to ensure the continuation of preferential tariff access for Canadian goods into those markets. In addition, conditions appear favourable to expand sales in these countries and a high level trade mission is now being considered.

—In order to benefit from current Japanese steps to liberalize access to their market, extensive promotional efforts are being undertaken by the federal government, particularly in the area of semi-fabricated and finished products.

8. TOURIST INDUSTRY ASSISTANCE

The Department of Industry, Trade and Commerce has been placing major emphasis on the development of the travel industry. In Western Canada this industry provided revenues in 1971 of \$248 million from foreign visitors.

The western provinces have a vast reserve of recreational lands and waters, although in certain areas present use for travel and recreational purposes is beginning to exceed the capacity of the resources and the developed plant. With proper planning, development and promotion, the travel industry in the West could double in the next decade.

Tourism has the capacity, if sufficient money is invested in facilities and in promotion, to lead to a steadily increasing number of jobs and to make a valuable contribution to the economy of the four western provinces. A necessary element in achieving this objective is to devote more attention to planning. In this planning, such factors as resource potential, existing facility supply, current and future demand patterns, must be analyzed to determine new opportunities for development, opportunities for expansion of current facilities, determination of location and extent of unused capacity, and the nature of the marketing effort required. A marketing program could be explored as to its probable effectiveness in helping to overcome the current seasonal problem of the tourist industry. Under the federal Travel Industry Development Program, announced in August, 1972, all western provinces are now receiving financial assistance for the formulation of tourism development plans.

A major constraint on the development of a viable tourist industry is a continuing shortage of well-trained personnel. The federal government recognizes that the problem exists in Western Canada no less than elsewhere, and stands ready to discuss with the western provinces ways in which the Office of Tourism or the training ex-

perience of the Department of Manpower and Immigration might contribute to a solution. Since the difficulty stems in part from a lack of adequate training facilities, the examination might give consideration to the establishment of a tourism training centre in Western Canada to develop instructors who in turn could provide courses in other educational institutions throughout the region.

9. FOREIGN INVESTMENT POLICY

The federal government believes that its policy on foreign direct investment will benefit Canadians. Separate provincial policies would be counter-productive, leading provinces to compete for foreign investment and thereby to emasculate, rather than increase, the benefits to Canada.

However, most provinces clearly desire that provincial views be taken adequately into account and that the mechanism for federal-provincial consultations on particular transactions, established under the Foreign Investment Review Act, be close and effective. The federal government is fully sympathetic to these desires and is determined to accommodate them adequately.

The review process is under legislative obligation to take into account stated provincial economic objectives. It cannot be stressed too often that the purpose of the review process is not primarily to block foreign investment, but

rather to seek improved benefits. For example, the review process will be one of the useful instruments in encouraging more resource upgrading and manufacturing.

The federal government is committed to consulting with all provinces before proclaiming the legislative provisions on new businesses, and will particularly want to discuss the setting up of an effective mechanism for consultations on particular investments. One possibility is that provincial governments each designate a minister and at least one official to be regular participants in consultation. The federal government is legislatively authorized to send confidential information to the provinces concerning proposed investments and, in this and every other respect, will make every effort to ensure that federal-provincial consultations will be close and meaningful.

CONCLUSION

It is evident that federal government objectives and programs for industrial-trade development have assisted western provinces in developing a diversified industrial base with high growth potential. It is recognized, however, that scope exists for significant improvements in many of the federal programs and services and reviews have been initiated to ascertain ways and means of making them more relevant to the needs of the western provinces.

PROCESSING OF RESOURCE EXPORTS

Document presented by the Government of Canada

This paper summarizes some considerations central to the issue of further processing of Canadian resource based products prior to export. The paper is based on studies conducted by an interdepartmental task force of the Federal Government designated The Trade Resource Group.

OPPORTUNITY

Canada has an opportunity to increase the extent to which its natural resources are processed prior to export. Over the next decade, the major industrialized countries of the world will require larger quantities of raw materials. Canada, which has one of the world's most diverse and highest quality resource endowments, will be called upon to service a major part of these incremental requirements. During the 1970's, the volume of Canadian exports of many raw materials are expected to double. Capital, labour and material will have to be applied somewhere in the world to convert these Canadian resources through the various stages to consumer goods. The question for the future is: Will Canada participate in the economic and social benefits stemming from adding value to these resources?

The demand for the world's natural resource materials is projected to grow at a lively rate over the next decade. In general, these projections are based on the close correlation between the growth of economic output indicators, such as GNP and industrial production, and the growth of demand for resource based materials. A recent OECD projection of a 65 to 70 per cent increase between 1970 and 1980 in the combined gross domestic products of its member countries suggests the order of magnitude of increased natural resource production that will be required to meet the demands of industrialized countries. The 80 per cent increase in paper and paper board consumption in OECD countries, forecast to occur in this decade, typifies the growth potential for resource based commodities.

To satisfy these demands, most industrialized countries will have to rely increasingly on external sources for the supply of raw materials. The major consuming nations, for the most part, are resource deficient, either as a result of the lack of natural endowments or due to historically high rates of consumption. Future deficits in supply will have to be met through expanded importation. For ex-

ample, U.S. metallic mineral production in 1970 was 68 per cent of domestic demand, whereas forecasts indicate that by 1985 only 42 per cent will be available within the United States. Japan already imports 90 per cent of its mineral requirements. Similar shortfalls in domestic supply are expected in other commodities; for example, there will be a USA import requirement of 1.2 million tons of beef by 1980.

Supplies of these commodities must come from the resource rich nations including Canada, for without these materials, industrialized countries will suffer severe economic stress. The reviews of import policies in the EEC, Japan and the USA are emphasizing the critical importance of secure materials supply. The major preoccupation of resource deficient nations with security of supply favours countries such as Canada, which can offer the security of a stable political system and a sophisticated industrial, commercial and financial environment.

The special character and convenient location of Canada's resources, coupled with an attractive economic and political environment, have permitted us to become a large scale supplier of raw materials to world markets. In recent years, for example, Canadian exports have constituted 54 per cent of the nickel, 45 per cent of the zinc, 70 per cent of the asbestos and 11 per cent of the copper traded in world markets.

Canadian mineral production, called forth by expanding domestic and foreign demand, is expected to increase substantially in the 1970's. A forecast of mine output for 1980, based on announced and projected new operations (see Appendix I) shows increases in output of 81 per cent in copper, 61 per cent in iron ore, 23 per cent in lead, 30 per cent in nickel and 55 per cent in zinc over the actual 1970 production.

However, Canada's role in upgrading these natural resources is being eroded. Appendix II illustrates, for three commodities in the expanding mineral market, the likely decline in Canada's processing role in the absence of a

countervailing policy initiative. In the past, significant proportions of our mineral resources were fully processed prior to export. However, since 1950 and especially in recent years, a larger share of mineral production has been exported in the least processed form. In fact, incremental increases in processing capacity in the past two decades seem more related to the growing domestic market than to the rate of growth in world demand. Nor is this unique to the mineral sector; the absence of a specific policy initiative may permit a Canadian deficit in high quality beef (further processed feed grains) of as much as one million head of cattle by 1980. It would seem, therefore, that an ample opportunity exists for Canada to reassess her role as a supplier of raw resources and assume a more active stance with respect to upgrading these resources prior to export.

BENEFITS

Studies undertaken by the Trade Resource Group included two related exercises to assess the potential economic benefits of processing prior to export. In the first exercise, an initial survey of a broad range of commodities was followed by more intensive study on commodities in the minerals sector, (copper, nickel, lead and zinc, aluminum, iron ore, steel and asbestos), the forest products sector (pulp and paper) and the agriculture sector (beef and pork). An important conclusion emanating from this commodity work was that a unique set of economic conditions and constraints surrounds the processing and marketing of each separate commodity and, therefore, that the attainment of policy objectives on processing prior to export would have to proceed on the basis of in-depth commodity-by-commodity analysis. It was also concluded that for many of the commodities studied, there will be, in the future, significant opportunities for processing to a higher level of value added prior to export. In many cases, including lead, zinc and copper smelting and refining, iron ore pelletizing, asbestos product manufacturing, high nickel alloy production, and beef production, the opportunities were judged to warrant further in-depth analysis.

The second exercise in the determination of potential economic benefit involved the use of the CANDIDE econometric model to measure the impact that processing prior to export could have on the economy as a whole. The CANDIDE model was used to simulate the impact on the Canadian economy to 1980 if, in a number of key sectors, all forecasted incremental exports (i.e., exports over and above annual levels achieved in 1970) were converted to a more highly processed level in Canada prior to export. For the key sectors chosen—non-ferrous ores and concentrates, iron ore, and pulp—incremental exports of non-ferrous ores and concentrates were converted to refined metal, incremental exports of iron ore concentrates were converted to iron ore pellets, and incremental exports of pulp were converted to paper. In addition, it was assumed the Canadian beef industry could expand to displace all imports anticipated for 1980 and permit the export of sizeable numbers of cattle.

In assessing the results of the simulation it must be kept in mind that no econometric model can hope to capture all the interrelationships resulting from a change in government policy, although the CANDIDE constitutes an important move in this direction. Furthermore, the figure must be interpreted with caution, since the simulation was designed as an upper limit, or ceiling, to what could reasonably be expected from government action with respect to processing prior to export. The quantities built into the CANDIDE simulation were large, and were not intended to constitute goals for processing prior to export. The results of the simulation and a note on the limitations of the CANDIDE model appear in Appendix III.

The main value of such a simulation is in showing the direction of economic change in the total economy induced by an assumed increase in processing prior to export. In the CANDIDE simulation, disposable income per capita, output per employee, total employment, and the rate of inflation all increased. The rate of unemployment, on the other hand, went down. The cumulative increase in investment over the stimulation period was approximately balanced by a cumulative increase in personal savings, indicating that personal savings as well as capital generated internally by Canadian corporations out of retained earnings and depreciation were sufficient, in effect, to obviate the need for net inflows of capital.

In addition to the economic impact described above, the establishment of export-oriented processing facilities should be an important, perhaps essential, step toward the attainment of an efficient, diversified industrial structure. The preceding description of economic impact was based on the simulated exportation of more highly processed natural resources, but in the great bulk of simulated activity, processing was not carried through to fully manufactured end products. If processing facilities were established only when economically viable, those processing facilities could constitute the linkage by which the comparative advantage of Canada's resource endowment was transmitted to the Canadian manufacturing sector. More specifically, an increased emphasis on the processing of resources prior to export could facilitate forward integration to the manufacture of final products in Canada by:

- (a) providing the basic material inputs needed by manufacturers at competitive prices;
- (b) bringing Canadian companies one step closer to the final market, thereby increasing their capacity to develop and manufacture products for sale in those markets and to adapt quickly and innovatively to changes in the market place; and
- (c) domesticating one additional function in the vertical integration of the resource industries, thereby increasing the attraction of the Canadian industrial base for the more footloose managerial functions, such as research and development, design, engineering, and executive decision-making.

It must be emphasized that for such downstream integration to take place would require complementary policies designed to ensure that the prices of the processed re-

source materials, f.o.b. plant, were no greater for domestic manufacturers than for foreign manufacturers.

Processing prior to export should also facilitate the development of Canadian-owned and controlled multinational enterprises. A number of Canadian-owned companies have strong positions in Canadian resource industries. Companies in foreign countries could significantly increase their security of materials supply by entering into joint ventures with these Canadian companies. These ventures could involve, for example, the processing and manufacture of volume products in Canada, and the manufacture of market-oriented products in the foreign country. The foreign companies could be responsible for the marketing of volume products processed and manufactured in Canada. It would be important that Canadian companies retained control of the Canadian-based operations.

CONSTRAINTS

The commodity-by-commodity examination identified trade barriers as the prime means by which the EEC, Japan, and the USA capture for themselves a very large part of processing benefits. EEC, Japanese, and USA tariffs are generally structured in a way which permits the free entry of raw materials, but progressively higher duties are applied according to degree of processing. In some cases the tariffs are reinforced by non-tariff barriers such as production subsidies, standards and government procurement programs. Frequently, the barriers by themselves could be overcome, but in combination with other constraints they form an insurmountable obstacle. Appendix IV provides a profile of tariffs which now apply to a range of resource materials.

Corporate locational policies often appear to constrain the development of processing activity in Canada. Foreign manufacturers depending on Canadian resources tend to concentrate as much processing as possible in the home market and encourage their governments to maintain tariff and non-tariff protection for those operations. Locational policies appear to have restrained the development, for example, of more asbestos product manufacturing and high nickel alloy production.

OBJECTIVES

The objective of a policy on processing prior to export would be to process surplus natural resources prior to export, wherever such processing would be internationally competitive and compatible with the development of a sound industrial structure. At the same time it would be necessary to ensure that indigenous natural resources were made available domestically at competitive prices.

To be successful, a policy should have three characteristics:

- (a) Generality of scope, embracing agriculture, fish, forest, and mineral sectors;
- (b) Flexible and selective application on a commodity-by-commodity basis. Every commodity faces a dif-

ferent set of opportunities and constraints. A commodity-by-commodity approach would be necessary to ensure that only processing which was internationally competitive and compatible with a sound industrial structure was encouraged. Government access to commodity information would be a key component of flexible and selective application;

- (c) Achievement through a cooperative effort on the part of both federal and provincial governments. The provinces must be involved because of their rights with respect to natural resources, taxation, property, and civil rights, and their experience in the application of a wide range of policy instruments in support of processing prior to export, from consultation with industry to various types of legislation. The federal government has an important role to play based on its authority to regulate trade and commerce, the dispersion of the Canadian resource base across the length and breadth of Canada, and the benefits to be gained through the mobilization of leverage in negotiations with foreign governments.

ACHIEVING THE OBJECTIVE

The following examples are illustrative of means which could be used by the federal government to achieve the objective of more processing prior to export:

(a) Trade Negotiations:

The multilateral round of trade negotiations scheduled to start later this year would provide an excellent opportunity to eliminate or reduce the prime constraint to processing in Canada and make it possible to surmount or remove other constraints. Largely for this reason, Canadian representatives have urged that, when considering techniques for reducing trade barriers, consideration be given to eliminating over a period of years all barriers to trade in certain commodity sectors. Suggested candidates for such sector negotiations might include wood products, pulp and paper, copper, nickel, lead, zinc, aluminum and petrochemicals. In these negotiations, Canada would be seeking elimination of the tariff structures of resource importing countries which involve little or no tariffs on raw products, but increasing tariffs as the degree of value added in the imported article increases. Sectors for negotiation could be defined to include downstream products, e.g., semi-fabricated and fabricated metals. This would be a departure from past practice in which Canada has mainly sought better terms of access for raw or partially processed products, e.g., aluminum ingot. Reciprocal reductions in Canadian import barriers could contribute to the attainment of Canadian objectives, by putting downward pressure on the prices at which Canadian manufacturers buy their raw materials, and by providing an economic incen-

tive and spur to industrial rationalization and improved efficiency in resource processing. Any reductions in tariffs would be phased over a period of time. Assuming the negotiations were concluded by mid-1976, reductions might be phased over a period of five years beginning in 1977 and concluding in 1981.

(b) Foreign Ownership:

While foreign ownership has historically been an important constraint to processing prior to export, it should be possible to reverse this relationship. For example, processing prior to export could be included as a specific criterion in the review of foreign take-overs. In this vital area it would be important to assure that foreign capital entered Canada on Canadian terms.

(c) Dialogue with Industry:

Initially, some industry, particularly foreign-owned industry, which historically entered Canada through backward integration from foreign manufacturing facilities, would probably resist a policy of further processing prior to export. However, a strong statement of policy objectives, coupled with a clear enunciation of the government's intention to seek removal or at least reduction of trade barriers for processed products, could be expected to soften that resistance and create a favourable environment for consultation and cooperation. In addition, in some business circles at least, a policy on processing prior to export would be well received from the outset. For example, the Chamber of Commerce brief to the federal government this year called for a policy on further processing, and it has been reported in the press that the Canadian Federation of Agriculture favours more utilization of the basic grain and forage production capacity for secondary and tertiary activity in livestock production.

(d) Existing Programs:

A number of federal policies and programs already in place constitute a good sound basis for the above approach. Companies expanding facilities for processing prior to export would be assisted by the tax reductions outlined in Bills C192 and C193. In addition, these companies might qualify for assistance under a number of existing federal programs such as the Program for the Advancement of Industrial Technology. It is not envisaged that any new programs of financial assistance would be needed, and as a general rule processing facilities should be established only where they are economically viable in their own right without subsidies or tariff protection.

(e) Cooperation with Producing Countries:

It may be found desirable to consult with governments of other resource exporting countries. Such countries share Canada's interest in processing

prior to export and many of them have already taken steps to secure facilities for this purpose. It is too soon to speculate what might come out of such consultations apart from an exchange of information and experience, but some form of concerted approach need not be ruled out if it should be required in certain cases.

(f) Export Licences:

A system of export licenses probably is essential for an effective policy on processing of resource exports. Australia, for example, recently implemented a system of export licensing for minerals, initially for the purpose of obtaining information regarding the conditions of sale. Commodities could be placed under control, individually, when it appeared that there might be opportunities for economically viable processing which were not being realized. Once under control, exports of a commodity would not necessarily be restricted, but exporters could be required to provide information related to exports that was essential to the assessment of the desirability of processing prior to export. If it became necessary to restrict the export of unprocessed or partly processed materials to establish or expand economically viable processing facilities, then a mechanism for such restrictions would be at hand.

The overall approach to the implementation of measures to achieve processing objectives should concentrate initially on positive, constructive and cooperative means, such as trade negotiations, dialogue with industry, the support of private initiatives through existing policies and programs, and the promotion of Canadian-controlled joint ventures. It is highly probable that such an approach would be effective in many cases. Positive, cooperative action would be preferable to more restrictive or negative means, which should be considered only as a last resort.

SOME IMPLICATIONS

(a) Industrial Structure:

An important question is whether additions to the size of the resource processing sector would contribute to the development of an industrial structure with sufficient international comparative advantage to effectively serve the economic and social needs of Canadians. Evidence assembled by federal officials lends support to the view that the high rate of growth in the Canadian labour force during the 1970's, which will call for the creation of large numbers of new jobs, will be followed by a slower rate of growth in the 1980's and a reduction in the pressures for job creation. In the context of these demographic changes, our policies must seek to provide income and jobs for our rapidly growing labour force during the 1970's and at the same time, recognize the need

to have in place a highly competitive, high productivity industrial capacity in the early 1980's. The economic and structural impacts of additions to resource processing, outlined in the section of this paper dealing with benefits suggest that processing of resources prior to export would contribute to the fulfillment of these needs.

(b) Energy:

Energy is an important element of cost in the resource processing activities, ranging from 4% to 20% of the cost of converting a raw material to a higher level of value added. (See Appendix V). A policy of low cost energy, (i.e., lower cost in Canada than in other industrialized countries) for industrial users would make a valuable contribution to the economic viability of processing prior to export. The Sherritt Gordon hydrometallurgical plant near Edmonton, Alberta, illustrates the important facilitating role of low-priced natural gas, which is used both as a chemical feedstock and a source of energy. This operation, located close to the source of low-priced natural gas, converts raw materials transported by rail from northern Manitoba into nickel briquettes, powder, and strip, mostly for export to the USA. The relatively low price it pays for natural gas offsets the costs of the long-haul transport of raw materials in, and processed products out of its plants. The company reportedly has one of the highest freight bills in Canada. Low-priced energy would similarly make an important contribution to the economic viability of other hydrometallurgical processes now being developed in conjunction with Sherritt Gordon by Cominco for copper and by Hudson Bay Mining and Smelting for zinc.

(c) Environmental Protection:

Environmental degradation is probably the most serious potential cost of a policy to process resources. Furthermore, to the extent that such degradation could be minimized through strictly enforced standards of pollution control, there would be the possibility of imposing on Canadian processors a cost disadvantage vis-a-vis some other processors, which have made it clear that high pollution emission will be tolerated in their jurisdictions. Against these problems must be offset a number of mitigating conditions:

- (i) Resource-consuming nations, for example, Japan, are currently intensifying research into conversion techniques that will greatly reduce

deleterious impacts on the environment. If Canada does not participate in this technological race, it will lose a larger part of the next generation of processing facilities to other countries, miss an opportunity to develop and sell pollution abatement technology and equipment to other countries, and eventually be obliged to attempt to purchase the technology and equipment developed elsewhere;

- (ii) Contrary to a widely held 'tenet of faith' it is understood that some of the techniques being developed for pollution abatement could result, through greater processing efficiencies, in reductions in operating costs (e.g., the new Arbiter hydro-metallurgical process developed by Anaconda in the USA for extraction of copper from low grade concentrates);
- (iii) Canada has, in natural gas, a pollution-free source of energy which could be used as a tool of industrial development. Natural gas has already played a role as the key factor in the location of a hydrometallurgical nickel refining operation in Alberta. The use of natural gas in processing operations in Canada could facilitate the regional diversification of Canada's industrial base. Tar sands oil constitutes an additional pollution-free source of energy for the future.

CONCLUSIONS

- (a) Large quantities of Canadian natural resources are exported in relatively unprocessed forms, and recent trends, notably with respect to minerals, indicate the proportion exported in crude form is increasing;
- (b) A wide range of resource commodities provide potential opportunities for adding value, through processing prior to export;
- (c) If these opportunities for adding value could be realized, there would be significant direct benefits to the economy in terms of increased incomes and employment, and the resulting processed materials could provide a basis for forward integration into fully-manufactured products.

Department of Industry, Trade and Commerce
July, 1973.

APPENDIX I

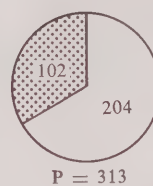
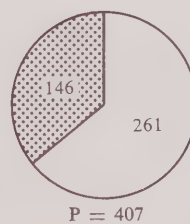
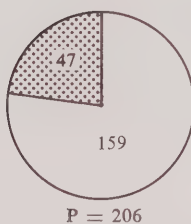
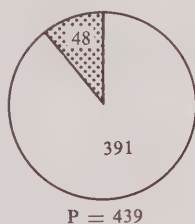
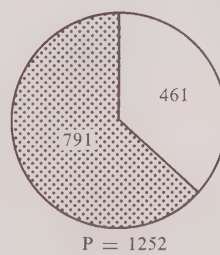
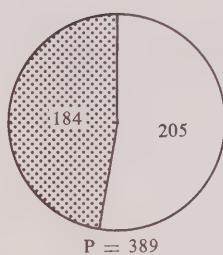
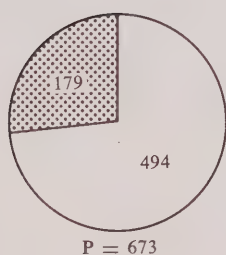
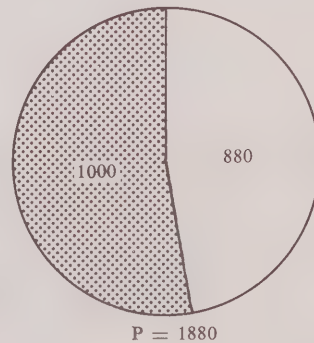
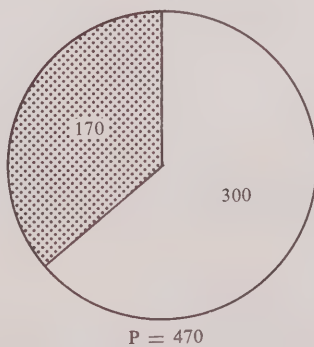
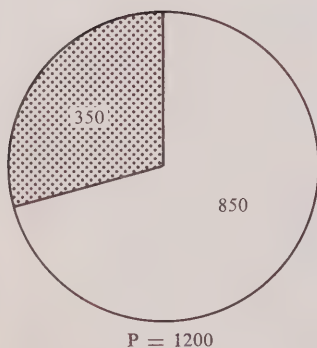
CANADIAN MINE PRODUCTION, 1970-1980
(thousands of short tons)

	Actual 1970	Forecast 1980	Increase tons	(1970-1980) percent
Copper.....	674	1,200	526	81
Iron Ore*.....	53,900	88,000	34,100	61
Lead.....	383	470	87	23
Nickel.....	308	400	92	30
Zinc.....	1,211	1,880	669	55

*Iron Ore Shipments.

SOURCE: Officials of Energy, Mines and Resources.

APPENDIX II (Amended)
CANADA'S FURTHER PROCESSING RECORD
BY
SELECTED MINERAL COMMODITIES

COPPER**LEAD**
1950**ZINC****1960****1970****1980**

P = Production—All forms—1000's short tons
 Processed in Canada
 Metal available for export in concentrates

APPENDIX III

TRADE RESOURCE GROUP SIMULATION

Some useful insights into the possible impact of a national further processing policy have been derived from simulations using the CANDIDE model. This model is a recently developed accounting system of the whole economy specifically designed to study the medium-term impact of policy changes.

The CANDIDE simulation described in the text of this memorandum depicted the Canadian economy in 1980 with the additional processing, and compared it to the economy in 1980 without the additional processing, showing that with the assumed increase in processing:

- (a) disposable income per capita, in real terms (1961 dollars), would be up by 6.8%;
- (b) productivity (output per employee) would be up by 0.8%;
- (c) the rate of unemployment would be down by two percentage points (from 6.3% to 4.3%);
- (d) total employment would be up by 4.2%, implying about 400,000 more jobs in 1980 than would exist in the absence of the simulated processing activity, about half of which would be attributable to a reduction in unemployment and half to an increase in the labour force;
- (e) the rate of inflation would be up by 1.1 percentage points;
- (f) the cumulative increase in investment over the decade would be about \$5 billion, in 1961 constant dollars, approximately 70% in the form of ma-

chinery and equipment, and the remainder in the form of structures. Over the same period, personal savings would be up over \$4 billion, primarily as a result of increased disposable income. Thus, personal savings as well as capital generated internally by Canadian corporations out of retained earnings and depreciation would appear to be sufficient to obviate the need for net inflows of capital.

Despite advances in the application of applied quantitative economic research, there are still many valid reservations about the usefulness of econometric models, such as the CANDIDE, as a guide to policy. Basically, these models are systems of mathematical equations that represent the operation of a part of the economy or the national economy as a whole. They are developed through estimations of quantitative relationships based on data from some past period of time. It is impossible of course to capture all of the relationships in such models and there is no assurance that the past relationships will hold into the future.

A wide variety of assumptions are employed in the CANDIDE model. These assumptions determine to a great extent how accurately the model describes how the economy performed during the post-war period. They also influence the reliability of any conditional forecast of the future. In other words, there are at least two sources of possible error. One is that past relationships have not been accurately identified, and the other is that even if they have been, they may not hold for the future.

APPENDIX IV **RANGE OF TARIFF AVERAGES BY STAGES** **OF PROCESSING¹**

	E.E.C.	U.S.	JAPAN	CANADA
	%	%	%	%
Iron and Steel				
Ores and concentrates.....	0.0	0.0	0.0	0.0
Unworked.....	3.7- 3.9	1.3- 3.6	5.1- 5.5	1.2- 4.2
Semi-Manuf'd products.....	6.7- 7.1	6.8- 7.8	8.3-10.2	5.3- 8.0
Aluminum				
Bauxite.....	0.0	0.0	0.0	0.0
Alumina.....	8.8	0.0	0.0	0.0
Unwrought.....	3.6- 6.0	4.5- 4.6	6.8- 8.4	1.3- 2.5
Semi-manuf'd products.....	10.9-11.9	6.5- 7.9	14.9-17.3	3.7- 6.9
Nickel				
Ores and concentrates.....	0.0	0.0	0.0	0.0
Unwrought.....	0.0	0.0- 2.4	3.9- 13.4	0.0- 5.8
Semi-manuf'd products.....	4.9- 5.6	2.2- 8.7	11.8-13.7	0.8- 4.7
Copper				
Ores and concentrates.....	0.0	1.7 ²	0.0	0.0
Unwrought.....	0.0	1.8- 3.9	5.6- 6.6	0.4- 2.7
Semi-manuf'd products.....	7.4- 7.9	3.5- 8.0	16.5-16.8	7.1- 8.8
Zinc				
Ores and concentrates.....	0.0	10.7	0.0	0.0
Unwrought.....	2.3- 4.5	5.4-11.2	3.3- 7.2	0.0
Semi-manuf'd products.....	8.1- 9.4	2.6- 7.9	10.4-14.7	1.9- 4.6
Lead				
Ores and concentrates.....	0.0	7.6 ²	0.0	0.0
Unwrought.....	2.7- 5.2	8.7- 9.0	8.4- 9.0	0.1-11.3
Semi-manuf'd products.....	6.2- 9.4	7.7-10.8	4.6-16.3	1.3- 7.5
Wood				
Wood and cork in the rough.....	0.1- 1.7	0.0- 2.1	0.0- 0.3	0.0- 5.6
Wood-based panels.....	12.7-12.9	12.3-15.1	15.8-18.2	13.3-15.0
Semi-manuf'd products.....	0.2- 4.4	0.4- 2.3	0.8- 5.4	0.6- 4.4
Pulp and Paper				
Paper pulp and paper waste.....	1.0- 1.2	0.0	3.6- 4.8	0.0
Paper and paperboard.....	8.1-10.1	0.3- 5.5	9.2-11.9	6.6-11.3

¹Where the range of tariff averages is indicated, these have been taken from the GATT Tariff Study where four averages were calculated as follows:

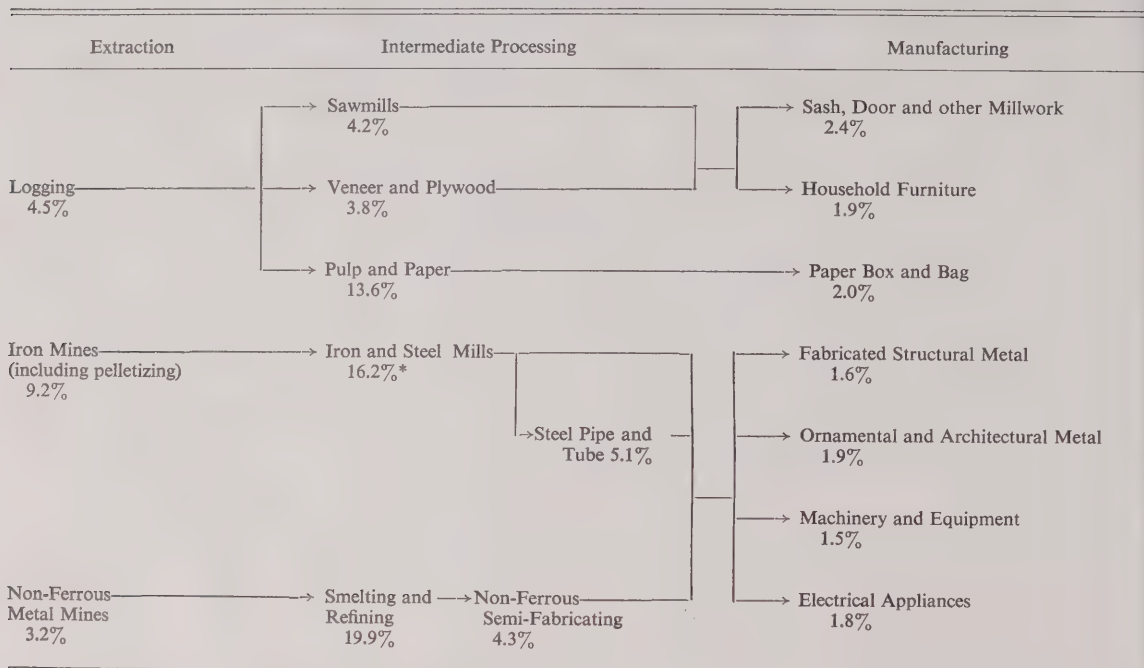
- Ave. 1. A simple arithmetic average of all m.f.n. duty rates applying to tariff lines classified in a commodity category.
- Ave. 2. Average 1 for each 4 digit BTN heading, weighted by total combined imports of the countries covered by the study, then averaged for each commodity category.
- Ave. 3. A weighted average of all duty rates classified under a category using m.f.n. imports of the country concerned at a national tariff line level as the weighting pattern.
- Ave. 4. A combination of 2. and 3. above.

²Approximate ad valorem rates based on following prices: copper at 46¢/lb., zinc at 6.3¢/lb., lead at 9.9¢/lb.

SOURCE: Ores and concentrates—National Tariff Schedules; all others—GATT Tariff Study, Summary Table No. 2, Tariff and Trade Profiles by Industrial Product Category.

APPENDIX V

ESTIMATION OF FUEL AND POWER AS A PROPORTION OF COST OF CONVERTING MATERIAL TO A HIGHER LEVEL OF VALUE ADDED: FOREST, FERROUS, AND NON-FERROUS SECTORS



*Including metallurgical coal and coke.

SOURCE: Statistics Canada, published data from 1969 Census of Manufactures.

ECONOMIC AND INDUSTRIAL DEVELOPMENT OPPORTUNITIES

Jointly submitted by

The Honourable PETER LOUGHEED, *Premier of Alberta*

The Honourable ALLAN BLAKENEY, *Premier of Saskatchewan*

The Honourable DAVID BARRETT, *Premier of British Columbia*

The Honourable EDWARD SCHREYER, *Premier of Manitoba*

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INTRODUCTION

The principal economic objective of the Western Provinces is to provide creative earning opportunities for its people. The Western Premiers are confident that the resources and the potential exist to achieve this objective, if the federal government provides the proper support. In this regard, it is essential that our substantial reliance on primary production and resource extraction be buttressed by complementary developments in secondary industry.

A more balanced economy can be achieved by completely developing in the various regions those opportunities which should logically occur there. Apart from the economies to be realized in the development of manu-

facturing and processing industries near their resource bases, every Canadian should have an opportunity to achieve meaningful employment skills. He should be able to attain and practice such skills in the region of his choice. An integrated developmental approach to primary industries such as agriculture, mining, forestry and fishing and to various manufacturing industries like petrochemicals, machinery, iron and steel and transportation equipment offers this possibility to Western Canadians.

The Provinces are in general agreement with the new and more flexible approach toward which the Department of Regional Economic Expansion appears to be moving. The process, as we see it, will be based on joint federal-provincial identification of development opportunities in each province. We would emphasize the importance of full

provincial participation at each step to ensure that the development strategy of each province is reinforced by federal programs, not constrained or thwarted.

We look to this Conference as a means of highlighting and hopefully eliminating the key factors which limit western development. We look to the achievement of positive and concrete results here which will permit us to pursue with confidence the development opportunities we jointly identify.

Federal policies that now limit western development include:

- (a) an inequitable transportation and freight rate structure;
- (b) an overwhelming concentration of funding for research and technological development as well as managerial and technical training in Central Canada;
- (c) a lack of support for the particular industrial structure of Western Canada, which is oriented mainly to small firms;
- (d) a system of tariffs and trade agreements with regionally discriminatory effects;
- (e) the provision of manpower mobility grants to facilitate the movement of skilled and potentially skilled people into already heavily industrialized areas; and
- (f) a banking system predicated on federal government policy which fails to meet the developmental needs of Western Canada.

Another very real constraint to the integrated development of western economic opportunities lies in a lack of policy directed at such development. Policies to stabilize both income and production for the resource industries are required before significant expansion into secondary processing can occur. This is particularly relevant to agriculture. Here, uncertainty of return coupled with high capital requirements has imposed a formidable barrier to diversifying and intensifying production.

In short, the Western Provinces strongly urge the federal government to set a course which will distribute development and population across Canada in a more uniform and equitable manner. This position implies a need to bring development to the people, rather than bring people to overgrown centres of crowded urban activity. If the federal government were to alter its discriminatory policies and to tailor all its development programs toward this end, much could be done to achieve our common objectives:

- (1) to alleviate regional disparities,
- (2) to achieve balanced development of regional economies,
- (3) to reduce further congestion and pollution of our industrialized areas, and
- (4) to enhance national unity.

FEDERAL GOVERNMENT PURCHASING POLICY

Western Canada demands for its industries a fair share of the business arising directly from the substantial expenditures made by the various departments of the federal government to purchase goods and services.

The federal government in the goods and services purchased by many of its departments represents as vast and as diverse a market as exists in Canada. For example, during the fiscal year ended March 31, 1971, the Department of Supply and Services expended \$823 million on the purchase of goods and services* and this represents about 80 per cent of such federal purchases. A purchasing budget of this magnitude can play a significant role in promoting the economic development of selected regions.

In the past, 85 per cent of the federal government's annual \$1 billion requirements have been satisfied by Ontario and Quebec. Doing business with firms in close proximity to Ottawa does have obvious advantages and it is understandable that the federal government has tended to follow the most convenient course of action. However, since the federal government is responsible for the economic well-being of the nation, it must make a conscious effort to overcome this pattern of behavior and go out of its way to promote purchases from areas other than Central Canada. Recently, the federal government has recognized this imbalance and in September of 1972 announced "a new purchasing policy that will allow western Canadian businessmen to double the amount of goods they sell to the federal government". The western provinces are of the opinion that this policy, while a move in the right direction, has not gone far enough. An even greater commitment to increasing purchases in Western Canada must be forthcoming.

It is clear that the federal government's purchasing policies have benefited the industrial heart of Canada out of all proportion to that region's share of total Canadian population. Western Canada has over a quarter of Canada's population and is entitled to a similar share of the federal government's expenditures.

To enhance the development of Western Canada the four Western Provinces recommended that:

- (1) In line with recent policy decisions, the federal government "purchase" research and development from western institutions, firms, and universities.
- (2) The federal government augment and make permanent its policy of eliminating a part of the transportation costs on certain products. Western firms have found that even with this differential they are unable to compete with firms located in Central Canada. Therefore, it is further recommended that the policy be revised to permit western firms to provide effective competition.

* *Annual Report, 1970/71*, Department of Supply and Services, Ottawa, 1971 p. 21.

- (3) The federal government recognize that western firms also are often at a disadvantage because of transportation costs of inputs and that the federal government's purchasing policies make allowance for this.
- (4) The federal government becomes more willing to purchase new products from smaller new firms. Often when attempting to sell in export markets small companies, often with technically sophisticated products, cannot claim that the Canadian Government has purchased the product. To potential buyers, government purchases are a significant demonstration of product acceptance. It is ironic that in many cases the Government will support the research, product development and sales efforts of the firm, but is unwilling to purchase its product.
- (5) The federal government must provide a list of forthcoming purchases to the provincial Deputy Ministers of Industry and Commerce. Many firms, particularly the smaller less sophisticated firms, do not have the resources, financial or otherwise, to maintain an awareness of federal requirements. The provinces could thus act as an intermediary linking potential suppliers with federal purchasers.
- (6) The federal government forecast requirements and notify its provincial counterparts as far in advance as possible so as to provide local industry with the opportunity to plan production.
- (7) The federal government develop purchasing schedules which would provide meaningful long-term contracts that would assist smaller companies to gear-up for production without worrying about having to recover a high proportion of start-up or development costs.
- (8) The federal government forecast requirements and notify its provincial counterparts as far in advance as possible so as to provide local industry with the opportunity to plan production.
- (9) The federal government apply to Western Canada programmes which at present are operationally limited to Central Canada. For example, the federal government is currently promoting the aero-space industry in large eastern Canadian cities through the \$80 million STOL demonstration project, the purpose of which is to obtain operating and technical data for the DHC7. A western aircraft firm has an equally valid need for similar operating data.
- (10) The federal government must take positive steps to involve western manufacturers in the development of specifications and standards used to define government needs.
- (11) The federal government give greater preference to Canadian firms.
- (12) The federal government in its purchasing should support firms which have qualified for assistance under other federal programmes.

- (13) The federal government must decentralize its purchasing to a much greater extent, and should set up a Western Regional Purchasing Office which would co-ordinate with the Central Purchasing Office.
- (14) The federal government should provide a regular accounting of its purchases of goods and services, with a breakdown by province so that the effect of the policies outlined above can be measured and assessed.

PROGRAMS OF THE DEPARTMENT OF INDUSTRY, TRADE AND COMMERCE

Introduction

The objective of this position paper, prepared by the Western Provinces, is to evaluate the industrial assistance programs of the federal Department of Industry, Trade and Commerce and to present recommendations concerning the future development of the department's policies and programs. Underlying the western position are three basic assumptions:

- (a) that the industrial base of Western Canada must be expanded and diversified;
- (b) that the industrial expansion of developing regions such as Western Canada will not only improve the well-being of residents of the West but will also contribute to the optimum development of the nation as a whole; and
- (c) that federal programs, such as the Industry, Trade and Commerce industrial assistance programs, must assist regions like Western Canada to realize their full development potential.

Evaluation of Existing Programs

The Department of Industry, Trade and Commerce administers a variety of programs, which are intended to support industrial activities such as the following: product research, product and process innovation, export development, industrial design and productivity improvement. The Western Provinces, on the basis of the limited available information, are able to present a number of observations concerning these programs.

First, the industrial assistance programs have had significant regional implications. In the past the preponderance of financial assistance has gone to the most highly industrialized region in the nation, Central Canada. The Western and Atlantic Provinces have received only a miniscule portion of assistance. Thus in the fiscal year 1971-1972, the Western Provinces obtained only 8 per cent of the total value of loans, loan guarantees and grants, compared to 87 per cent for Ontario and Quebec.*

Among the six major Industry, Trade and Commerce programs for which there exist statistical data, the value

* For further details see Appendix 1.

of financial assistance allocated to Western Canada as a percentage of the national totals, were as follows:

Defence Industry Productivity (DIP)	1.7%
Program for the Advancement of Industry and Technology (PAIT)	17.1%
General Adjustment Assistance Program (GAAP)	9.7%
Ship Construction Subsidy (SCSP) and Shipbuilding Temporary Assistance (STAP) Programs	19.4%
Automotive Adjustment Assistance Program (AAA)	0%
Pharmaceutical Industry Development Assistance Program (PIDA)	0%

The evidence then indicates that the department's programs have had the effect of increasing the disparity between the industrial capacities of Central and Western Canada.

Secondly, a large proportion of the department's incentive assistance has gone to foreign-controlled businesses. Data indicate that, in recent years, the value of grants allocated to foreign companies, as a percentage of the total value of grants distributed to all firms under various programs, has been as follows: Ship Construction Subsidy (SCSP) 21 per cent, Industrial Research and Development (IRDIA) 43 per cent, Program for the Advancement of Industrial Technology (PAIT) 46 per cent, Defence Development Sharing (DDSP) 89 per cent, Industry Modernization for Defence Export (IMDEP) 73 per cent, and Defence Industry Productivity (DIP) 88 per cent**. In effect then, the Department appears to have supported the expansion of non-resident control of the Canadian economy.

Finally, it appears that various Industry, Trade and Commerce programs benefit large-scale industry primarily, and provide little assistance whatsoever to small business. To illustrate, under the Defence Industry Productivity (DIP) Program over the period 1965-66 to 1970-71, a total of only ten corporations obtained over 81 per cent of the total value of grants distributed.

There are various factors which may account for the inadequacy of assistance provided to the West. For one thing, there is the nature of the industrial assistance programs themselves. The programs have not been designed to promote regional development. The amount of assistance allocated to any region appears to be directly related to the existing industrial capacity of that region. Since Canada's manufacturing capacity is heavily concentrated in Quebec and Ontario*, this region has obtained the preponderance of the department's loan and grant capital. Central Canada has obtained the bulk of loans and grants distributed under most programs, and

has virtually monopolized the financial assistance provided to the automobile, defence and pharmaceutical industries. (See Appendix I.)

Western Canada has also suffered as a result of the department's failure to provide adequate assistance to small business. This is particularly evident in the area of research and development.

Within the western provinces there are a proportionately large number of small firms which do not generally export beyond provincial boundaries. The existence of relatively small markets implies the necessity to amortize research and development costs over a small range of output and, consequently, research costs per unit of output are comparatively high. Innovation is risky and expensive, and the accessible market must be large enough to absorb the cost of innovation. Many firms need help reaching national markets, for which programs do not exist.

While Industry, Trade and Commerce has expressed a policy which would favour internal industrial research and development capability over external provision of technology, this policy has been ineffective on a regional basis. In essence, the situation is similar to that which occurs in Canada as a whole where research and design innovations have been borrowed heavily from other sources.

The lack of research capability in the West also means that firms often do not possess the expertise even to make the necessary applications for assistance. The same detailed forms and documentation are required regardless of the scale of the proposed project. In effect, the forms are designed specifically for sophisticated large-scale projects. This emphasis on "impressive" projects, however, is questionable especially in view of the following comment made by the Science Council of Canada.

"Despite the dramatic changes wrought by 'big innovation', it is important to realize that the sum total of 'little innovations' has a greater impact on our society, and that this evolutionary innovation—product improvement, finding new uses for existing products, new means of marketing a product—is an activity that no company can afford to neglect".

Recommendations

The major recommendation of the paper is that Department of Industry, Trade and Commerce industrial assistance programs must be used as a means of assisting regions like Western Canada to realize their full development potential. Current programs, unfortunately, have been formulated without adequate concern for stimulating balanced economic development throughout Canada. To assure that its industrial programs make a significant contribution to regional development, it is essential that the department co-ordinate its programs effectively with other federal programs relating to economic activities.

The Western Provinces concur that the Department of Industry, Trade and Commerce should support the expansion of those industrial sectors in Western Canada

* *Foreign Direct Investment in Canada*, Government of Canada, 1972, pages 350-355.

** In 1970, the two provinces accounted for 81.4 per cent of the total value added of Canada's manufacturing sector. See Statistics Canada, *General review of manufacturing industries in Canada 1970*, (No. 31-203 Annual).

* Science Council of Canada, *Innovation in a Cold Climate: The Dilemma of Canadian Manufacturing*, October, 1971, page 24.

which have a high potential for development. Western Canada should no longer be considered a captive market for eastern manufacturers, and emphasis must be placed on encouraging western production capable of serving its regional market and competing with output from Central Canada. In the past, certain programs have been designed to assist industries such as the automobile, aircraft and pharmaceutical industries which are heavily concentrated in Central Canada. While the Western Provinces are not opposed to the federal government supporting such industries, it is contended that there are many industries in Western Canada which also require assistance. The department, for instance, should consider providing financial support to industries of high growth potential in the West, such as food and beverage, electrical products, wood products, petrochemicals, agricultural machinery, metal fabricating, and so on.

In order to assure that Industry, Trade and Commerce contributes to the well-being of Western Canadians, it is imperative that:

- (a) the existing industrial assistance programs be broadened and become more accessible to western firms,
- (b) new programs be developed to encourage industrial "centres of excellence" in regional locations,
- (c) there be some degree of decentralization of decision-making power concerning the formulation and implementation of departmental programs.

Accessibility of Programs

The Western Provinces contend that there should be substantially more loan and grant capital provided to small companies, including those in Western Canada. As observed, in the past the preponderance of capital distributed under certain programs has gone to a few large corporations. In addition, it is proposed that the services of the department be broadened and made more accessible to western firms, particularly small businesses.

To assist western companies to achieve higher efficiency through increased production, consideration should be given to developing programs to assist firms in Western Canada to sell in the national market. Management development is also particularly important, and while the Counselling Assistance to Small Enterprises Program (CASE) is a promising start, a much greater and more comprehensive level of effort is required to support and enrich provincial programming for management and productivity improvement.

There must also be special emphasis on programs for businesses in rural areas. These enterprises often do not have access to the skills necessary to operate efficiently. The expenditures on such programs are likely to be repaid many times over in terms of the major social benefit which will arise through the maintenance of a sound rural economy in Western Canada.

Industrial "Centres of Excellence"

To support the long-term development of the western economy, the Western Provinces emphasize the need for

programs designed to establish industrial "centres of excellence" throughout the various regions of Canada. Such centres would be based on natural and human resources and other comparative advantages of the region, and would be strongly supported with research and development, financial, management and marketing assistance to develop a vital economic unit capable of serving national and international markets.

Federal incentives should be used to encourage entrepreneurial participation in these regional centres. Participation of provincial research councils, crown corporations, or other agencies also should be encouraged and supported.

Such a program concept suggests clear initiative on the part of the federal government in the establishment and support of new centres of industrial activity in Canada. It would involve decentralization of the technical expertise of Industry, Trade and Commerce to plan and support the development of such centres, and the major funding of research activities and new industrial enterprise, in co-operation with other departments of the federal government.

Decentralization of Decision-Making

Finally, in order for the department's industrial programs to make an effective contribution to regional development, it is essential that decision-making be decentralized. Hitherto, decisions respecting program development and implementation have been centralized in Ottawa. The Western Provinces concur that the federal government should permit provincial governments and various local organizations to participate in the planning of broad economic development policies, in the establishment of regional industrialization priorities, and in the development and implementation of programs. There should be decentralization of planning and technical skills, decentralization of decision-making power on assistance programs, and strengthening of regional offices. Special assistance must be available within the region to help smaller companies to understand the scope and limitations of the various programs in preparing applications and in carrying through the extensive "dialogue" that is often required during implementation.

Moreover, industrial programs must be co-ordinated with and, where possible, utilize and enrich existing provincial programs. They should capitalize on provincial knowledge of local needs. Some programs being developed jointly under the Program of Export Market Development (PEMB) and through the Design Branch represent a move towards the type of arrangement sought.

The Western Provinces also contend that the department should provide substantially more information than in the past on the programs which it administers. Data should be supplied on a frequent and regular basis in order to permit provincial governments and local organizations to monitor and evaluate the impact of all Industry, Trade and Commerce programs.

APPENDIX I

INDUSTRIAL ASSISTANCE PROGRAMS
(Provincial Breakdown)

(Showing Support in Thousands of \$ and Number of Projects Approved)

Program	Period	Nfld.		N.S.		N.B.		P.E.I.		Que.		Ont.		Man.		Sask.		Alta.		B.C.		Total	
		\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.
AAA(1)	68/69	—	—	—	—	—	—	—	—	1	5,359	19	—	—	—	—	—	—	15	—	—	5,374	20
	69/70	—	—	—	—	—	—	—	—	768	15,655	11	—	—	—	—	—	—	—	—	—	16,423	11
	70/71	—	—	—	—	—	—	—	—	282	10,659	6	—	—	—	—	100	1	—	—	—	11,041	8
	71/72	—	—	—	—	—	—	—	—	908	5,501	16	—	—	—	—	—	—	—	—	—	6,409	16
C.A.T.(1)	70/71	—	—	—	—	—	—	—	—	—	75	3	—	—	—	—	—	—	—	—	—	75	3
	71/72	—	—	—	—	—	—	—	—	—	289	—	—	—	—	—	—	—	—	—	—	289	—
Design (2)	68/69	—	—	—	—	—	—	—	—	94	13	30	10	—	—	—	—	—	—	13	2	137	25
	69/70	—	—	3	1	—	—	—	—	60	18	44	17	7	2	2	1	3	1	11	3	130	43
	70/71	—	—	—	—	—	—	—	—	79	15	117	10	43	3	—	—	3	1	8	3	250	32
	71/72	—	—	2	1	—	—	—	—	122	18	68	16	78	3	—	—	7	2	5	1	282	41
DIP (3)	68/69	—	—	169	—	—	—	—	—	18,956	16	13,560	46	1,267	1	—	—	811	3	—	2	34,763	68
	69/70	—	—	8	—	—	—	—	—	19,481	22	33,878	30	313	1	—	—	872	3	86	2	54,638	57
	70/71	—	—	213	3	—	—	—	—	22,313	30	28,008	30	1,025	3	—	—	291	1	—	—	51,850	67
	71/72	—	—	—	—	2,345	—	—	—	25,934	25	29,018	32	570	1	100	—	175	1	165	1	58,307	60
GAAP (4)	68/69	—	—	5	1	—	—	—	—	2	3	10	1	—	—	—	—	—	—	—	1	17	6
	69/70	7	1	470	—	—	—	—	—	1,426	4	221	8	—	—	—	—	—	—	—	—	2,124	14
	70/71	—	—	1	—	—	—	—	—	643	8	12,301	10	—	—	—	—	1,400	1	1	2	14,345	22
	71/72	—	—	—	—	—	—	—	—	4,066	12	10,963	24	—	—	—	—	1,500	1	115	4	16,644	41
IDAP (1)	70/71	—	—	—	—	—	—	—	—	4	2	38	11	—	2	—	—	—	—	—	—	42	15
	71/72	—	—	8	1	—	—	—	—	98	8	241	18	8	1	—	—	—	—	24	5	379	33
IRI (1)	68/69	—	—	20	—	—	—	—	—	—	—	101	1	—	—	—	—	—	—	—	—	121	1
	69/70	—	—	20	—	—	—	—	—	—	—	135	—	—	—	—	—	—	—	—	—	175	—
	70/71	—	—	40	—	—	—	—	—	—	1	135	—	—	—	—	—	—	—	—	—	141	1
	71/72	—	—	40	—	—	—	—	—	79	1	151	—	—	—	—	—	—	—	—	—	270	1
MARKET(1) DEVELOP- MENT																							
Sec. "A"	71/72	—	—	—	—	—	—	—	—	243	56	97	54	16	7	—	—	27	9	30	28	413	154
	71/72	—	—	1	—	—	—	—	—	15	8	23	—	1	—	—	—	1	5	5	—	13	47
PAIT (1)	68/69	—	—	40	2	11	1	—	—	1,875	11	1,926	40	—	—	29	—	195	1	227	6	4,303	61
	69/70	—	—	9	—	—	—	—	—	1,244	16	2,479	30	—	—	12	1	397	3	1,149	4	5,290	54
	70/71	—	—	3	1	13	—	—	—	3,676	39	6,736	77	130	5	67	—	528	9	1,902	11	13,055	142
	71/72	—	—	38	2	13	3	—	—	8,104	40	14,577	77	431	5	—	—	1,071	5	3,194	16	27,428	148
PEP (1)	70/71	—	—	—	—	—	—	—	—	1	—	1	—	—	—	—	—	—	—	1	—	—	3
	71/72	—	—	—	—	8	2	—	—	114	14	88	18	15	14	—	—	—	—	19	5	244	53
PIDA (1)	68/69	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	69/70	—	—	—	—	—	—	—	—	—	—	196	1	—	—	—	—	—	—	—	—	196	1
	70/71	—	—	—	—	—	—	—	—	—	—	100	1	—	—	—	—	—	—	—	—	100	1
	71/72	—	—	—	—	—	—	—	—	101	1	900	3	—	—	—	—	—	—	—	—	1,001	4
SCSR (1) and STAP	68/69	617	—	3,564	2	502	4	636	—	7,191	3	5,422	6	240	1	—	—	—	—	4,161	32	22,333	48
	69/70	274	—	2,657	10	1,540	4	732	—	2,524	2	1,076	3	81	2	—	—	91	6	5,240	40	14,215	67
	70/71	—	—	4,776	4	1,516	2	—	—	892	5	1,756	1	116	2	—	—	1,521	17	3,134	19	13,711	50
	71/72	—	—	2,151	5	1,154	4	365	1	2,398	3	2,182	5	86	1	—	—	549	7	1,352	14	10,237	40
TOTAL	68/69	617	—	3,798	—	513	5	636	—	28,118	47	26,408	123	1,507	2	29	—	1,006	4	4,416	43	67,048	229
	69/70	281	1	3,187	11	1,540	4	732	—	25,503	62	33,684	100	401	5	14	2	1,363	13	6,487	49	93,191	247
	70/71	—	—	5,032	9	1,529	2	—	—	27,889	102	59,891	150	1,314	15	67	—	3,843	30	5,045	36	101,610	344
	71/72	—	—	2,239	10	3,520	9	365	2	42,167	193	64,083	286	1,204	33	100	—	3,329	26	4,909	79	121,916	638
IRDIA MACH (No provincial breakdown available from these two programs)																							

NOTES: (1) Disbursements. (2) Includes scholarships and grants to individuals or institutions for study or research in design. (3) Includes loans. (4) Includes disbursements in consulting grants, direct loans and insured loans.

C.A.T.—Centers for Advanced Technology.

June 1972.

TARIFFS AND COMMERCIAL POLICIES

Summary

Tariff policy has been a key part of Canada's development strategy for close to 100 years. The basic idea was to provide a tariff wall behind which Canadian industry could develop. This policy has encouraged the concentration of manufacturing in Central Canada, with Western Canada supplying agricultural products and other raw materials. The national tariff structure inflicts a particular penalty on Western Canada in that, while it causes the West to pay higher costs for goods, the West obtains few benefits in terms of employment and economic development. Canadian tariff policy has resulted in an unrecognized transfer payment from the West and the Maritimes to Ontario and Quebec.

To correct this situation the Canadian Government must pursue a policy of selective tariff revisions designed to favour manufacturing in Western Canada and must dramatically increase its contribution to regional economic development. Canada's trade policies must be designed to allow Western Canada to upgrade and process its natural resources. In the upcoming GATT multilateral negotiations, Canada must vigorously press for selective revisions and reductions in tariffs, favourable to Western Canada. Bilateral negotiations with other countries, particularly the United States, are likely to be more productive to Western Canada than the GATT, but in any negotiation the federal government must consider western regional development and regional requirements.

Tariffs

The purpose of this paper is to consider the impact of national tariff policy on regional development and trade flows, giving particular reference to processed products in Western Canada. The paper does not deal with multinational corporation problems which are also viewed as having a significant impact on trade flows in Western Canada.

Although Canada had tariffs before 1879, proclamation of the national policy in that year made tariffs a key part of Canadian development strategy. The basic idea was to provide a tariff wall, behind which Canadian industries could be developed. It also encouraged the concentration of manufacturing in Central Canada with Western Canada providing agricultural products and other raw materials. This policy provided the environment for new industries to be established in Canada. However, many Canadian industries are not efficient by world standards. Because of these tariff policies, many of the plants were either too small and therefore inefficient, or even if in terms of the numbers of employees of their total output they seemed large enough, they were producing too many lines of products to achieve the economies of long production runs and minimum changeover times for different product lines.

The major benefits of this policy have accrued to Central Canada. All Canadian consumers pay more because of the inefficient Canadian industries supported by the

tariff structure. All Canadian consumers also pay more because imported materials used in the production process and subject to domestic tariffs give the final product a higher price than without tariffs. Unfortunately, while consumers in the West and Maritimes have had to pay the higher costs of these goods, they have obtained few benefits in terms of employment, the bulk of which has gone to Central Canada. One of the results has been an unrecognized transfer payment from the West and the Maritimes to Ontario and Quebec. It has been estimated that the magnitude of this net transfer payment from Western Canada is approximately \$200 million per year.

As the national tariff structure inflicts particular penalties upon the Western economy, it is essential that:

- (1) The Canadian Government pursue a policy of selective tariff revisions designed to favour Western Canada.
- (2) Until such time as this net transfer payment disappears, the federal government clearly recognize its obligation to dramatically increase its contribution to regional economic development outside Ontario and Quebec.

The Western Provinces' position is fully consistent with national policy, that it is both essential and possible to upgrade and process its natural resources to a greater extent than at present. It is further agreed that this is essential to national development since we believe that major gains in Canada's trading position must come in products based on agricultural and other natural resources, which the West has in abundance. We believe that Canada's trade policies must therefore be developed with this in mind.

At present, a major barrier to this program of industrial expansion is the high tariff and non-tariff barriers on processed or semi-processed natural resources imposed by Canada's trading partners. In the upcoming negotiations on the General Agreement on Tariffs and Trade (GATT) beginning in September of this year, Canada must therefore vigorously press for selective revisions and reductions in tariffs and non-tariff barriers, favourable to Western Canada. It is essential that, in these negotiations, the needs of the Western Provinces be more fully recognized and forcefully pursued.

The most obvious and most important market for Western Canada is the United States. The lowering of United States tariff walls could provide the "break-through" for Western Canadian industries to become important both nationally and internationally. While general tariff reductions such as those associated with the GATT negotiations are important, their impact on Western Canada would likely not be sufficient to provide our industries with easy entry into United States markets. However, some industries may be able to achieve easy access if the Canadian Government were to negotiate specific bilateral agreements with the United States. An example of the technique is the Canada-United States Automotive Agreement which gave Ontario a "break-through" in the automobile industry. The point to be emphasized is that the federal government must con-

sider regional development and regional requirements in its negotiations with the United States or any other country.

Western Canada could support a world-scale petrochemical industry if we had easier access to the United States. If the tariffs between the United States and Canada were equal, then western Canadian plants would enjoy a large export market in the United States. For example, at current Gulf Coast prices, the Canadian import tariff on methanol amounts to approximately 1.2¢ per U.S. gallon as compared with an import tariff of 7.6¢ per U.S. gallon. Presently Canada must pay a tariff for shipping methanol into the United States of approximately six times the value of the equivalent Canadian tariff.

Further examples depicting duty rates, indicated below, demonstrate a distinct bias against Canadian exports of ethylene-derived petrochemical products in the North American market while simultaneously leaving the Canadian market relatively unprotected.

Ethylene Derivatives	Customs Tariff	
	Canada	United States
Ethylene Oxide.....	15.0%	1.59¢/lb. + 7% (24.7%)
Polyethylene Resins..	7.5%	1.3 ¢/lb. + 10% (22.3%)
Vinyl Chloride.....	15.0%	1.25¢/lb. + 6% (42.0%)
Polyvinyl Chloride....	10.0%	1.25¢/lb. + 6% (19.6%)
Styrene.....	15.0%	1.4 ¢/lb. + 9% (32.0%)
Polystyrene Resins....	10.0%	1.4 ¢/lb. + 9% (20.7%)

Although we have used the petrochemical industry as an illustration, there are many other industries that are equally valid, for example, in the processed wood products industry, softwood plywood faces a U.S. import tariff of 20 per cent while the Canadian import tariff for the same product has recently been reduced from 15 to 10 per cent. In the processed agricultural products industry, rapeseed, rapeseed oil and rapeseed meal from Canada face U.S. import tariffs equivalent to 13 per cent, 18 per cent and 6 per cent respectively whereas the Canadian import tariffs on U.S. soybeans, a substitute commodity, are 0 per cent for the bean, 10 per cent for the oil and 0 per cent for the meal.

Although western Canadian and Canadian exports depend heavily on United States markets, Canada must diversify her exports. Western Canadian producers are looking towards the Pacific Rim Countries, especially Japan, as possibly becoming large importers of Canadian goods. Special consideration must be given to establishing trading patterns that give Western Canada greater access to these markets.

Other Concerns of the Western Provinces Regarding Canadian Tariffs and Commercial Policies

(a) Anti-dumping Procedures

Dumping is price discrimination between two separated national markets or customs territories.

Concern has been expressed regarding the investigating of dumping complaints under the Anti-Dumping Act of 1969. Dumping activities by foreign exporters have a very detrimental effect on Western Canada since we have a large number of small firms which are prone to injury from dumping.

They do not have the expertise or the money available for research to obtain information to support complaints of dumping. Two suggestions are offered regarding anti-dumping procedures:

- (1) that the Anti-Dumping Division of the Department of National Revenue be more aggressive in investigating complaints, and
- (2) that the same department should undertake to obtain information to support complaints of dumping on behalf of the complainants.

(b) Drawback Applications

A drawback of customs duties and sales or excise taxes is a rebate of those monies when imported goods are used in accordance with the regulations promulgated under the Customs Act, Customs Tariff, Excise Tax or Financial Administration Acts.

The Customs Tariff includes several drawback items which permit the return of duty to the importer when materials, machinery or equipment are applied to specific uses. A customs drawback may be received when goods on which duties and/or taxes have been paid are used or directly consumed in, wrought into or attached to, any articles manufactured or produced in Canada and exported abroad. Since many western companies are small, they cannot afford to have funds tied up in the drawback system for any length of time. Complaints have been expressed regarding the length of time it takes to process drawback application forms. Capital is not plentiful for small businesses; therefore, it is necessary to have as smooth a flow of capital as possible. Concern has also been expressed regarding qualifications for certain drawbacks.

(c) Remission of Duties on Canadian Equipment for Processing or Repair Abroad

Under the terms of Memorandum D5 of the federal Financial Administration Act, the Deputy Minister of National Revenue must authorize the export of equipment for processing or repair. If this authorization cannot be obtained, re-importation of the equipment may involve duty on the entire value. This works a hardship on those firms which are not near services and facilities in the industrial heartland. In Western Canada the nearest services are often in the United States. We would like to see this regulation altered so that the Collector of Customs in the region has the right to authorize export of equipment for processing or repair.

FISHERIES

Hatchery Construction Program

British Columbia's first non-experimental federal hatchery since the unsuccessful sockeye hatcheries of the 1930's was completed on the Capilano River in 1972. The original design of this federal project apparently was completed about five years earlier and the first benefits will not be realized until 1975. Construction of the second of five hatcheries around the Strait of Georgia began earlier this year but no schedule or list of locations has been provided for the construction of the remaining three.

This program is primarily designed to increase the sport fishery catch but it will be of some benefit to the commercial sector as well. Preliminary studies for a ten-pond coho hatchery on the Capilano River indicated a benefit-cost relationship of 2.0:1 so this is quite definitely a paying proposition.

Fisheries biologists have indicated that a 25 per cent increase in the catch of coho and chinook salmon in the Strait of Georgia is the anticipated result of the five hatcheries. However, this increase will not be sufficient to maintain existing catch ratios at the present rate of construction. Sport fishing pressure is rising very rapidly and it is imperative that this very important aspect of the Province's tourist and recreation industries does not lose momentum. It is urged that the federal government provide the funds for the remaining three hatcheries and bring them into operation as soon as possible.

Construction of Artificial Spawning Channels and Related Facilities

It is generally recognized that the salmon rearing potential of many British Columbia lakes and water courses is not being utilized. Tremendous success has been realized by spawning channels in operation on Weaver Creek, Upper Pitt River, Seton River, Qualicum River and elsewhere. On the Fraser River system alone, only 29 per cent of rearing capacity for sockeye has been utilized over the past 25 years. Full use of the system could produce additions to the annual catch of 8.3 million sockeye or some 643,000 cases.

The cost of constructing such facilities is not large and the benefits are such that capital costs are recovered in a very short period. A proposed channel on the Chilliwack River would cost \$1,177,000 and produce a benefit-cost ratio of 12.4:1. The benefit-cost ratio for improvements on the Nadina River has been estimated at 62:1.

In December, 1971, the Fraser River Salmon Commission announced an ambitious program to fully utilize the capacity of the Fraser River system. The total program, which would cost about \$14 million and which would provide average benefits to the fisherman of more than \$14 million annually (or over \$29 million at wholesale prices). However, we believe that the Fraser River Salmon Commission terms are obsolete. Canada should be capable of managing its own rivers and receiving full benefit from any improvements to same. We do not subscribe to the philosophy that foreign funds should be expended on

Canadian rivers. The fact that the United States Government has not matched Canadian funding on the Fraser River of late is fortunate and gives added reason to terminate the present arrangement permitting Canadian funds only to be expended and all benefits accruing to Canadian fishermen. This concept does not in any way lessen the importance of such improvements. Quite the contrary, it emphasizes the need for a high priority Canadian program for Fraser River improvement.

Fish Farming

Fish farming in ponds and lakes has been an important source of protein in many countries, particularly in such Asiatic nations as China and Japan. Recognition of the potential of this fishery was given by the federal government when it established in 1969 a \$7.5 million Freshwater Research Institute on the University of Manitoba campus and the federal program of experimental fish farming of rainbow trout in Prairie "winterkill" lakes. In 1972, Canada imported 1,653,000 lbs. of fresh and frozen trout valued at \$1,003,000 and 1,791,800 lbs. of other fresh and frozen freshwater fish valued at \$1,274,000.

The potential value of fish farming to marginal farming, Indian reservations and other isolated communities as an added source of income and food makes it imperative that more funds and effort be allocated to this program. The Western Provinces have many regions, particularly in the northern and eastern parts, where successful fish farming could make an important contribution to local economies. Expenditure of funds by the federal government in co-operative development of the fish farming potential of Western Canada could be a vital step forward in helping to solve regional economic disparities.

Deep-Sea Fishing

Preliminary information released prior to the United Nations Law of the Sea Conference scheduled for the fall of 1973 indicates wide acceptance of the division of the world's supply of saltwater fish to three classes: anadromous (Pacific salmon and other fish spawning in fresh water); coastal (those associated with the continent shelf and slope); and pelagic. It appears probable that in the long-term future the management and exploitation of the first two classes will be mainly under the jurisdiction of the related coastal states, but the pelagic fish (mainly a wide variety of tuna) are a wide-ranging species which will possibly be exploited on an internationally cooperative basis. The Pacific Ocean and adjacent oceans harbour large stocks of pelagic fish and in the past the harvest by Canadian fishermen has been relatively small. This is because the Canadian fishing fleet is primarily geared to fishing coastal waters. It is recommended that the federal government undertake a more positive program of research and development designed to explore in depth the economic feasibility of developing a deep-sea or mid-ocean fishery and fishing fleet based on the Pacific Coast, and with special emphasis on developing a bottom fishing industry so as to better exploit those special closed zones claimed as British Columbia waters but now fished almost exclusively by American fisheries.

The Law of the Sea Conference

Canada's participation in the forthcoming United Nations Law of the Sea Conference to be held in New York starting in the fall of 1973 and continuing in the spring of 1974 in Santiago, Chile, is of importance to the future of the fishing industry of British Columbia.

The Western Provinces urge the federal government to pursue the recognition of the principle of management of the fisheries resources of the continental shelf by coastal states and preferential exploitation of these resources by these coastal states. Should this proposal win acceptance, it would mean that Canada would be increasingly involved in regulating fishing activities of Canadian fishing operations on both coasts. This would necessitate the expansion of the number of fisheries patrol vessels and other supporting plant and equipment as well as personnel. It is urged that wherever possible vessels and equipment necessary to carry out such programs on the Pacific Coast be obtained from British Columbia suppliers and producers. British Columbia-based manufacturers should be recognized as having preference.

Moreover, for extended fishing zones to accomplish the desired results, fishing operations per se must be kept in Canadian hands. Accordingly, the Western Provinces urge the federal government to limit the transfer of licences of commercial fishing vessels to Canadians and take whatever other steps are available to accomplish this objective.

It is also requested that more extensive and earlier consultation with all sectors of the provincial fishing industry (government, industry and labour) become a part of the policy of the federal government in formulating policy positions in international agreements and that British Columbia authorities should participate in an advisory role in subsequent international discussions.

MARINE DEVELOPMENT

In correspondence dated December 14, 1972, to the Right Honourable P. E. Trudeau, the Province of British Columbia formally requested restoring the federal government ship construction subsidy to the original level of 40 per cent established when the program was introduced in 1961. The Province suggested that the 40 per cent subsidy should stand for a minimum period of seven years to allow for effective long-term planning in the shipping industry. Not the least of goals to be achieved through assistance to the industry would be increased opportunities for employment in a province where the unemployment rate consistently exceeds the national average by a substantial margin. Total employment in British Columbia shipbuilding in 1971 stood at only 1,959 workers compared with a peak of 3,963 in 1962 when the 40 per cent subsidy then in effect had produced an upturn in activity.

The original 40 per cent subsidy has been progressively reduced to the point where it now stands at only 17 per cent, a level considered inappropriate for effectively improving the competitive position of British Columbia shipyards.

Some measure of success has been achieved by eastern Canadian yards under the Shipbuilding Temporary Assistance Program, first announced in November, 1970, whereby support up to 17 per cent subsidy is given for the building of ships for export. British Columbia has not benefited from the program, however, because western costs are an estimated 20 to 25 per cent higher than in the East, principally because of higher wage rates and freight costs. In view of the foregoing, therefore, the 40 per cent shipbuilding subsidy should be fully restored in the case of British Columbia, thereby allowing western shipyards a compensatory regional cost allowance relative to eastern Canadian yards of 23 percentage points (40 per cent minus the 17 per cent existing subsidy which would be retained for the eastern yards). The policy of "equalization payments" as between economic regions in Canada is well established and is based on economic need.

There is every reason to believe that West Coast shipyards, if enabled to overcome existing cost constraints, could expand appreciably from present levels and thereby contribute substantially to the provincial and national economics. Aside from conventional vessels, western yards have developed a high level of expertise in special purpose craft, particularly those associated with towing, and the potential for export should be developed. As noted by the Science Council of Canada, "this expertise may well be exploited more widely."* It is conceivable that with federal assistance western yards could also engage in the building of such technically advanced craft as the air cushion vehicles now under development by Bell Aero-Space Canada Limited. The Science Council also noted as follows, "it is a curious fact that in Canada, while there is a well-organized subsidy program for ships, there has been little or no comparable encouragement for ships' equipment. It appears to us important that much more emphasis should be put on this aspect of marine engineering . . . further the opportunities of exporting equipment probably considerably exceed that of ships' hulls."**

Consideration should also be given to increasing assistance to western yards to improve their overall operating efficiency. Assistance for this purpose, thus far, has been minimal. With the trend in deep-sea shipping to larger-sized vessels there is a need for West Coast yards to develop facilities capable of handling larger ships.

The subsidization of British Columbia's shipbuilding industry is an initial prerequisite to the creation of a British Columbia merchant marine. With the expanding importance of non-American markets for Canadian products (particularly British Columbia products) renewed attention has been given to the prospects of a domestic shipping fleet.

Clearly, there are economic benefits which would accrue to the residents of Canada generally and British Columbia in particular:

- (1) increased employment;

* *Background Study for the Science Council of Canada, Special Study 16, page 82.*

** *Background Study for the Science Council of Canada, Special Study 16, page 83.*

- (2) development of an integrated publicly-sponsored transportation system; this could generate operating efficiencies and thus lower transport costs;
- (3) impetus for the modernization and revitalization of ship building and repairing facilities on the West Coast;
- (4) redirection of shipping revenue to Canadian-owned companies with resulting positive influence on the balance of payments and corporate profits.

The lack of Canadian participation in the ocean transportation of British Columbia resource-based products has been documented. In 1970, less than one per cent of the vessels carrying these products were affiliated with Canadian companies. With guaranteed volume of resource traffic especially, it seems logical that alternative methods of shipment are possible. Adaptation of modern shipping technology and equipment to a merchant marine carrying selected products over fixed routes on a regular basis should permit effective operation. Current shipping practices which encourage centralized assembly and transshipment depots located at strategic ports are certainly consistent with the creation of a merchant marine using large, specialized carriers.

The development of an effective distribution system controlled by Canadian-owned companies is a means to derive a fuller economic benefit from our resources. This goal could be achieved through the creation of a merchant marine. Even if operating subsidy is required initially and/or for the longer term, this may be a realistic trade-off against the benefits to be reaped.

The economic return which can be derived from the provision of ocean transportation services may fluctuate dramatically; this has been illustrated in the past few years. In periods of oversupply, the market for shipping services becomes extremely competitive. Services, especially from foreign merchant fleets, are provided at less than economic rates. This phenomenon is analogous with foreign "dumping" of goods. Canadian businesses are protected against the "dumping" of goods and so it seems appropriate that similar safeguards should be available to Canadian service industries such as a merchant marine.

An operating subsidy which could enable a Canadian merchant marine to quote competitive rates and still maintain a viable operation is a means of indirectly providing such protection. This is not meant to advocate undue subsidization. Instead, any level of assistance should implicitly encourage that degree of efficiency which would enable a merchant marine to be an effective proposition in normal periods of supply and demand for shipping services.

WESTERN NORTHLANDS

During the last few years there has been a growing awareness on the part of the Western Provinces of the unfulfilled needs and potential of their northern areas. All four administrations have expressed special interest in

economic and qualitative social northern development. In each province special policies, programs and organizational arrangements have been, or are being, developed to focus and direct government involvement in the North.

The Western Provinces are concerned about the development of their northern regions. They intend to improve the standard of living of and ensure full participation in Canadian society for the residents of these regions, especially native people who have all too often been bypassed by previous northern developments.

The Western Provinces concur with the priority apparently to be given northern development, both economic and social, by the federal government according to the recently released DREE "Western Northlands Proposals". All four provinces agree with the objective of orderly northern development with maximum local participation, both for the creation of social and economic opportunities and for the conservation of natural resources and the environment.

The policy evaluation and program review, carried out by the Department of Regional Economic Expansion during the past year, allows each province to negotiate a general development agreement to include developmental programs such as the Western Northlands Proposals. These agreements would be of a bilateral nature, taking into consideration the particular economic and social circumstances of each province.

Meeting the challenge of northern development includes solving the problems of transportation created by distances between the population centres and, consequently, distances to markets and supply centres. There is a growing recognition in Western Canada of the need to develop a strong highway axis to support the future development of northern resources that will benefit Canada as a whole. As a first step toward the provision of one of the major determinants of northern development, the Western Provinces propose a road system commencing in Winnipeg, running through Saskatchewan and Alberta to Dawson Creek, British Columbia, and on to Prince Rupert to connect with the vast markets of the Pacific Rim countries. Prince Rupert is an advantageous shipping port, being some 500 miles closer to Japan than is Vancouver. Northern extensions of the road system are vital to the enhancement of activities and future developments in such areas as Thompson, Flin Flon, Lynn Lake, Uranium City, Gold Fields, Fort McMurray, the Mackenzie Valley through Fort Smith, Fort Nelson, Fort Simpson, Cassiar and Whitehorse. The construction of this system, keeping in mind the social responsibilities and associated costs, would be beyond provincial financial resources.

The Western Premiers recommend to the federal government that a committee of federal and provincial officials be appointed to determine the location of the various links in the system, the standards, the costs and the priorities, according to the resource potential and importance of these resources to the national economy. The Provinces would take the initiative in developing engineering designs and supervising construction on the basis of financial and other arrangements to be agreed upon.

REGIONAL DEVELOPMENT OPPORTUNITIES

This background paper has been prepared by the Government of Canada for the Conference on Western Economic Opportunities, Calgary, July 24-26, 1973. This analysis provides a basis for discussion of issues with the western provinces at the conference and for substantive proposals which will be presented at that time.

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I. ECONOMIC CIRCUMSTANCES

Any economic analysis of Western Canada must start with an appreciation of the fact that the West is not a homogeneous region but consists of several disparate geographic, administrative and economic areas with differing opportunities and needs. For instance, Alberta and British Columbia have generally prospered, although not in all their areas. Manitoba and Saskatchewan have shown less economic buoyancy. In differing degree, the four provinces are divided into rural and urban groupings, which are undergoing sharply contrasting changes. The West can also be divided into a north and south: The one is sparsely populated and has many social and developmental problems; the other has more people and services. Policies aimed at economic development in Western Canada must take these and other factors into account.

1. Major Indicators

Table I summarizes economic developments in the western provinces over the 1960s in terms of population, labour force, employment, personal income per capita and gross output. It compares the economic performance of the West with that of the rest of Canada, and shows that the West generally performed better between 1961 and 1971 than Canada as a whole, and better than other regions with the exception of Ontario. But there were substantial differences in growth rates among the four western provinces. Saskatchewan, for example, grew relatively slowly on all counts during the decade. Growth rates in Manitoba also lagged behind the national and western equivalents. The performance of Alberta was more or less average. It was British Columbia, especially, that expanded rapidly and, in general, performed much

better than the other parts of the country, including Ontario.

The population of Western Canada grew by more than 900,000 between 1961 and 1971, from 4,808,000 to 5,727,000, or by 1.9 per cent year. This rate was slightly higher than the national average, so that the western share of Canada's population increased marginally from 26.4 per cent to 26.6 per cent. Although the shares of Manitoba and Saskatchewan in the population of the West and Canada dropped, the shares Alberta and British Columbia increased.

The process of urbanization proceeded rapidly in the West during the 1960s. Nevertheless, the region remained less urbanized than the nation as a whole. For example, 62.6 per cent of all westerners in 1961 were living in centres having 1,000 or more inhabitants; the equivalent 1971 figure was 70.3 per cent. Comparable figures for Canada as a whole were 69.6 per cent in 1961 and 76.1 per cent in 1971. Rural decline, a corollary of urbanization, has also been evident. Many rural areas experienced a striking loss of population, particularly in Saskatchewan.

Survey data show that a substantial increase occurred in the labour force of Western Canada over the 1961-71 decade (see Table 2). The number of people working or looking for work rose by 583,000 or 33.7 per cent. The average annual rate of increase in compound terms was

3 per cent. Growth was continuous during the 1960s although there were notable year-to-year fluctuations around the annual average. As Table 1 indicates, provincial growth rates varied substantially. The labour forces in Saskatchewan and Manitoba increased by only 8.8 per cent and 14 per cent respectively between 1961 and 1971. The labour forces in Alberta and British Columbia expanded by 35 per cent and 58.4 per cent respectively.

Employment in Western Canada between 1961 and 1971 rose substantially from 1,627,000 to 2,185,000, an average annual increase of 55,800 or 3 per cent. But whereas employment during the decade grew by 35 per cent in Alberta and 60.7 per cent in British Columbia, it grew by only 9.5 per cent in Saskatchewan and by 14.2 per cent in Manitoba (see Table 1).

The main growth industries in employment terms were commercial and personal services, trade, manufacturing, transportation, finance, administration, and construction. Mining, forestry and fishing also increased in size. Only one industry, agriculture, experienced an employment loss, with direct farm employment shrinking from 326,000 to 256,000 a drop of 70,000. Comparable data are not available to indicate employment growth in each province by sector. In general, however, it appears that agriculture declined most rapidly in Saskatchewan and Manitoba. Conversely, service employment grew less rapidly in those two provinces than in Alberta and British Columbia.

TABLE 1

SELECTED ECONOMIC INDICATORS: DECENNIAL RATES OF CHANGE BY PROVINCE/REGION, 1961-71

	Population	Labour Force	Employment	Census Value Added in the Goods-Producing Sector ²	Value of Total Manufacturing Shipments ³	Personal Income Per Capita	Investment Per Capita	Gross National/Regional/Provincial Product
	(per cent)							
Canada.....	18.3	32.4	33.4	93.5	101.3	106.2	94.0	134.8
Atlantic Region.....	8.4	18.4	21.9	117.6	91.0	114.7	149.0	128.7
Quebec Region.....	14.6	31.5	33.0	79.4	86.1	103.4	66.4	121.9
Ontario Region.....	23.5	35.3	35.7	96.1	114.6	103.0	101.1	142.5
Western Region.....	19.1	33.7	34.3	97.4	91.5	99.6 ¹	90.1	137.5
Manitoba.....	7.2	14.0	14.2	94.1	71.4	105.7	71.8	113.6
Saskatchewan.....	0.1	8.8	9.5	80.0	61.2	72.5 ¹	54.1	118.5
Alberta.....	22.2	35.0	35.0	113.0	97.4	106.2	69.7	134.8
British Columbia.....	34.1	58.4	60.7	92.0	101.3	96.0	120.5	157.7

¹In the case of Saskatchewan, the 1960-62 and 1969-71 figures were averaged. This procedure was followed because of the province's pronounced vulnerability to fluctuations in international wheat markets.

²1961-70.

³1961-69.

TABLE 2
WESTERN CANADA'S LABOUR MARKET—SELECTED INDICATORS, 1961-72

Year	Labour Force	Employment	Unemployment	Unemployment Rate		Labour Force Participation Rates					
						Total		Male		Female	
				West	Canada	West	Canada	West	Canada	West	Canada
		(thousands)									
								(per cent)			
1961.....	1729	1627	103 ¹	6.0	7.1	54.3	54.1	79.1	79.8	28.6	28.7
1962.....	1765	680	85	4.8	5.9	54.5	53.9	78.5	79.1	29.8	29.0
1963.....	1791	1709	83	4.6	5.5	54.2	53.8	77.9	78.5	30.1	29.6
1964.....	1838	1767	71	3.9	4.7	54.5	54.1	77.8	78.1	30.9	30.5
1965.....	1894	1835	59	3.1	3.9	54.9	54.4	77.8	77.9	31.9	31.3
1966.....	1958	1900	58	3.0	3.6	55.4	55.1	77.7	77.8	32.9	32.8
1967.....	2030	1961	68	3.4	4.1	55.8	55.5	77.4	77.5	34.0	33.8
1968.....	2115	2030	86	4.1	4.8	56.5	55.5	77.5	77.0	35.4	34.4
1969.....	2187	2107	81	3.7	4.7	56.8	55.8	77.5	76.6	36.2	35.2
1970.....	2258	2130	128	5.7	5.9	57.2	55.8	77.3	76.4	36.9	35.5
1971.....	2312	2185	128	5.5	6.4	57.1	56.1	77.2	76.1	36.8	36.5
1972.....	2386	2251	136	5.7	6.3	57.6	56.5	77.3	76.2	37.8	37.1

¹Apparent inconsistencies in the table are due to rounding.
SOURCE: Statistics Canada, *Labour Force*, Cat. No. 71-001.

TABLE 3
INVESTMENT IN WESTERN CANADA—SELECTED INDICATORS, 1961-71
PERCENTAGE DISTRIBUTION OF TOTAL INVESTMENT BY SECTOR

Year	Total	Investment ¹	Total Investment Per Capita as a % of Canada	Total ²	Primary Industries and Construction		Housing Institutional Services and Gov't Depts.		Utilities		Trade, Finance, and Commercial Services		Manufacturing	
					West	Canada	West	Canada	West	Canada	West	Canada	West	Canada
	\$M	% of Canada		%										
1961.....	3715.7	33.2	125.2	100.0	24.6	15.4	37.1	38.2	23.0	21.6	7.2	9.0	8.6	15.8
1962.....	3803.7	32.0	120.6	100.0	24.4	15.5	38.6	39.2	20.3	19.7	7.2	8.6	9.5	17.0
1963.....	4175.2	32.7	123.4	100.0	26.6	16.2	37.6	38.3	20.9	20.0	7.8	8.6	9.5	16.9
1964.....	4722.5	32.4	122.1	100.0	28.3	16.6	33.5	36.5	20.4	19.8	7.0	8.5	10.8	18.7
1965.....	5551.1	33.1	124.8	100.0	29.3	16.3	31.8	35.5	20.1	19.6	7.1	8.9	11.7	19.7
1966.....	6509.4	33.5	126.4	100.0	28.3	16.5	31.1	33.9	21.9	19.9	6.8	9.1	11.9	20.6
1967.....	6958.4	34.8	131.3	100.0	27.6	16.7	31.4	35.0	23.6	20.8	7.2	9.0	10.2	18.4
1968.....	6997.8	34.2	128.8	100.0	27.4	16.3	32.5	37.3	23.6	21.0	7.3	8.7	9.3	16.8
1969.....	7517.5	33.9	127.3	100.0	27.0	15.8	34.1	37.1	20.8	19.9	7.9	8.3	10.2	17.6
1970.....	7591.6	32.4	121.0	100.0	26.5	15.6	32.1	35.1	22.2	20.7	7.5	8.8	11.8	19.8
1971 ³	8425.8	32.9	122.7	100.0	27.3	16.5	34.1	37.8	21.3	20.4	6.7	8.2	10.6	17.1

¹Total investment = total new capital and repair expenditures on construction and machinery.

²Because of rounding, sums may differ from totals given.

³Preliminary actual data

SOURCE: Canada, Department of Industry, Trade and Commerce and Statistics Canada, *Private and Public Investment in Canada: Outlook and Regional Estimates*, SC Cat. No. 61-205, various issues.

Investment in Western Canada more than doubled between 1961 and 1971, rising continuously from \$3,715 million to \$8,425 million per annum (Table 3). In relation to Canada as a whole, the western investment share remained roughly constant at about one-third of the national total. On a per capita basis, the investment record of the West was consistently well above average; the figures for the region ranged from 120.6 per cent to 131.3 per cent of the all-Canada equivalents. This performance was due in large part to the capital intensive nature of the main components of the western economic base, such as mining, forestry, pulp and paper, and agriculture. Each dollar invested in these industries generated relatively little direct employment (although there were often substantial indirect spinoffs). Indeed in agriculture, additional investments and advanced technology contributed to the employment decline in that industry.

Investment expenditures in Western Canada were concentrated in three "industry" groupings: housing, institutional services and government departments; primary industries and construction; and utilities (Table 3). Each grouping accounted for at least 20 per cent of total investment outlays. Only in the case of primary industries and construction, however, was the regional experience

out of line with the national experience. This "industry conglomerate" was much more important in the West than in Canada as a whole from an investment point of view. Table 3 also points up the relative weakness of the West in two other sectors: manufacturing, and trade, finance and commercial services.

Table 4 indicates structural changes in the economy of Western Canada between 1961 and 1970, the latest year for which figures are available. It can be seen that goods-producing industries generally declined over the 1960s in relative size, the exceptions being mining and construction. Although manufacturing remained the dominant goods-producing industry during the decade, the gap between it and mining, the second-largest goods producer in 1970, narrowed significantly from 7.5 to 3.8 percentage points. Relatively unimportant in value-added terms, both in 1961 and 1970, were primary forestry, fishing, trapping and electric power. Contrary to the experience of the goods-producing sector, the service sector in Western Canada increased in relative magnitude during the 10-year period ending in 1970. This was generally in line with the pattern of growth in economically advanced economies, a pattern noticeable to Canada as a whole.

TABLE 4
STRUCTURAL CHANGES
WESTERN CANADA AND CANADA, 1961-70

Industry ¹	Net Value of Production					
	Western Canada			Canada		
	1961	1970	Change in Relative Weight of Industry, 1961-1970	1961	1970	Change in Relative Weight of Industry, 1961-1970
	(per cent)					
Manufacturing.....	15.1	13.2	-1.9	26.3	23.5	-2.8
Construction.....	9.3	9.0	-0.3	7.0	7.2	+0.2
Agriculture.....	8.2	6.7	-1.5	4.5	3.3	-1.2
Mining ²	7.6	9.4	+1.8	4.4	4.5	+0.1
Forestry.....	2.9	1.5	-1.4	1.7	0.8	-0.9
Electric Power.....	2.1	2.0	-0.1	2.1	2.0	-0.1
Fishing.....	0.4	0.3	-0.1	0.3	0.2	-0.1
Trapping.....	0.1	0.0	-0.1	0.0	0.0	0.0
Total Goods- Producing.....	45.6	42.1	-3.5	46.3	41.6	-4.7
Services ³	54.4	57.9	+3.5	53.7	58.4	+4.7
Gross Regional Product	100.0	100.0	—	100.0	100.0	—

¹Ranked by size of net value of production or value added in Western Canada in 1961.

²Derived from preliminary data.

³Residual figures obtained by subtracting the value added by the goods-producing industries from the GRP.

SOURCE: Computed from Statistics Canada, *Survey of Production, 1970* Cat. No. 61-202 and unpublished Gross Provincial Product data for the western provinces.

A comparison of the economic structures of Western Canada and the nation as a whole reveals both close similarities and major differences. Similar, for example, were the ratios between the goods-producing and service industries, the dominant position of manufacturing within the goods-producing sector, and the decline in manufacturing's relative importance over the 1960s. Dissimilar, particularly, was the structure of the goods-producing sector. Manufacturing was much more significant in Canada than in Western Canada during the 1961-70 period. Conversely, three primary industries—agriculture, mining and forestry—were much more important in the West than in Canada generally.

The manufacturing sector in Western Canada shows moderate employment growth, a strong resource-orientation, a concentration in metropolitan areas and a heavy preponderance of small enterprises. Once again, of course, there are differences throughout the region, especially in the rate of employment growth. For the whole of the West, the employment growth rate in manufacturing almost exactly paralleled that of the nation. But manufacturing employment in Manitoba and Saskatchewan grew more slowly than in the region or the nation while in Alberta it grew more quickly (Table 5). The rate of manufacturing employment growth in British Columbia was almost exactly that of the region and the nation.

TABLE 5
RATES OF CHANGE IN MANUFACTURING
EMPLOYMENT AND SHIPMENTS, 1961-70

Area	Employment Shipments	
	(per cent)	
Manitoba.....	16	76
Saskatchewan.....	9	64
Alberta.....	29	103
British Columbia.....	21	95
Western Canada.....	21	91
Canada.....	21	98

Source: Statistics Canada, *Manufacturing Industries of Canada*, 1961 Cat. No. 31-207, 31-208; *General Review of Manufacturing Industries of Canada*, Vol. I: *Industries by Province*, Cat. No. 31-203.

The West contains some 27 per cent of the Canadian population but provides only 15 per cent of total manufacturing employment and produces only 16 per cent of total manufacturing shipments. Comparable data for the individual western provinces are presented in Table 6. In no western province is the amount of manufacturing activity proportionate to the relative size of the provincial population. In contrast, Ontario, which accounted for 35.7 per cent of the Canadian population in 1970, provided 52.3 per cent of all manufacturing jobs in the country and produced 51.8 per cent of all manufacturing shipments.

Still another perspective on manufacturing in Western Canada is the relatively low volume of capital investment in manufacturing. From 1961 to 1971, annual investment in the manufacturing sector of the western economy averaged 18.9 per cent of the Canadian total. In per

capita terms, this performance represented a level of investment more than one-quarter (specifically, 28.7 per cent) below the Canadian average. And it should be noted here again that the western average figures do not provide a true picture for all four provinces: while Manitoba, Saskatchewan and Alberta were continuously below the national per capita average, British Columbia was always above.

TABLE 6
POPULATION, MANUFACTURING EMPLOYMENT AND
MANUFACTURING SHIPMENTS: INDIVIDUAL
SHARE OF WESTERN PROVINCES IN
NATIONAL TOTALS, 1970

Area	Manufacturing Employment	Manufacturing Shipments	Population
			(per cent)
Manitoba.....	3.0	2.7	4.6
Saskatchewan.....	0.9	1.1	4.4
Alberta.....	3.1	4.1	7.5
British Columbia.....	7.6	8.1	10.0
Western Canada.....	14.6	16.0	26.5

SOURCE: Statistics Canada.

Manufacturing activity in the West is heavily resource-based. For example, in 1961 and 1970 when resource-based manufacturing employment in Canada as a share of total manufacturing employment was 39.3 per cent and 37.4 per cent respectively, the comparable figures for the West were 64.8 per cent and 57.7 per cent. Within the region, the share of resource-oriented manufacturing was particularly large in British Columbia and Saskatchewan where it accounted for an estimated two-thirds of total manufacturing employment. In Alberta, between 50 and 60 per cent of manufacturing employment could be considered resource-oriented. In Manitoba, resource-oriented manufacturing employment approximated 40 per cent of the total, a proportion roughly equal to that for Canada generally. To place this in some perspective, it must be noted that during the past two decades of rapid development of minerals and energy sources and of forestry and agriculture, resource up-grading and processing have expanded substantially in the West and provide the region, especially Alberta and British Columbia, with a strong economic base, one that is nonetheless in need of further diversification.

Resource-based manufacturing in the West has been dominated by the food and beverage industries group and the wood industries group; each accounts for about one-third of total resource-based manufacturing employment. Paper and allied industries account for another 15 per cent of resource-based manufacturing employment. The most important industrial components of the food and beverage group are meat and poultry products, dairy products, bakery products, fish products and miscellaneous foods.

Secondary manufacturing activities in the West are oriented predominantly to the regional market. Major

sources of new jobs in recent years have been the metal fabricating industries and the printing, publishing and allied industries. Although there are many western firms and industries marketing outside the region, the general experience has been for the West to be a net importer of secondary manufactured goods.

Metropolitan areas, according to the most recent available data, account for the majority of the manufacturing activity evident in the four western provinces. For example, in 1970, Winnipeg accounted for 81 per cent of total manufacturing shipments in Manitoba and 80 per cent of manufacturing employment (Table 7). Regina and Saskatoon together accounted for 56 per cent of manufacturing shipments in Saskatchewan in 1970 and 50 per cent of manufacturing employment. Equivalent figures for Calgary and Edmonton in Alberta were 66 per cent and 67 per cent; for Vancouver and Victoria in British Columbia, they were 53 per cent and 52 per cent. It can be inferred from Table 7 that the growth of manufacturing has been more rapid in non-metropolitan than metropolitan areas in recent years despite the dominant role of cities in each province. The table also shows that the proportion of manufacturing activity in every major metropolitan area in the West was high at the beginning of the 1970s relative to each area's share of provincial population, with the exception of British Columbia.

TABLE 7
MANUFACTURING ACTIVITY AND POPULATION
SHARES BY WESTERN PROVINCE AND
METROPOLITAN AREA:
1961 AND 1970-71

	Manufac- turing Shipments		Manufac- turing Employment		Popu- lation
	1961	1970	1961	1970	1971
	(per cent)				
Manitoba					
Winnipeg.....	88	81	84	80	55
Saskatchewan					
Regina.....	30	27	25	23	15
Saskatoon.....	29	29	25	27	14
Alberta					
Calgary.....	30	28	29	28	25
Edmonton.....	46	38	42	39	30
British Columbia					
Vancouver.....	50	50	49	49	50
Victoria.....	4	3	4	3	9
Canada					
metropolitan areas....	60	58	59	56	51

SOURCE: Statistics Canada, *Manufacturing Industries of Canada: Geographical Distribution*, 1961, Cat. # 31-209; *Annual Census of Manufacturers: Preliminary Bulletin*, 1970; *Census of Canada*, 1971.

Manufacturing in the West has traditionally been characterized by small establishments which not only lack economies of scale but show an above-average susceptibility to business failure. There are several ways of defining the

size of an establishment. An arbitrary but generally acceptable method is used in Table 8 where a distinction is made between establishments of 14 employees or less and those with 15 employees or more. On this basis, it can be seen that small establishments were more predominant proportionately in the manufacturing sector of each of the western provinces, both in 1961 and 1970, than in Canada at large. In the latter year, 67 per cent of all manufacturing establishments in the West were small compared to a figure of 59 per cent for the nation as a whole. As shown in Table 8, small establishments represented a diminishing share of manufacturing industry both in the West and in Canada as a whole. Yet their decline was less noticeable in the West, particularly in Manitoba and Saskatchewan.

TABLE 8
SMALL MANUFACTURING ESTABLISHMENT/
TOTAL MANUFACTURING ESTABLISHMENT
RATIOS BY WESTERN PROVINCE,
1961 AND 1970

	No. of Establishments		Small Establishments as a % of Total Establishments	
	1961	1970	1961	1970
	(per cent)			
Manitoba.....	1,476	1,350	66	62
Saskatchewan.....	710	737	77	74
Alberta.....	1,628	1,813	73	68
British Columbia.....	3,646	3,253	71	66
The West.....	7,460	7,153	71	67
Canada.....	33,357	31,928	65	59

SOURCE: Statistics Canada, *Manufacturing Industries of Canada: Type of Organization and Size of Establishment*, 1961, Cat. # 31-210 and *Annual Census of Manufacturers: Preliminary Bulletin*, 1970.

2. Economic Performance in Perspective

Over-all, the economy of Western Canada performed well during the 1960s. The region out-distanced both Canada generally and the other component regions, with the exception of Ontario, in terms of the rate of change in key indicators such as population, labour force, employment and gross output. Its economic structure underwent extensive change due to a variety of factors including rural-urban population shifts, interprovincial population movements, new technologies and production techniques—particularly in the fields of agriculture and resource processing—and large-scale investment in the development of new resources such as oil and gas, potash and, most recently, coal.

The economy of Western Canada is marked by rapid development and change and a concentration on resource exploration, development and processing as the principal engines of growth. It tends to be characterized by a high degree of efficiency and response to both economic opportunities and economic pressures. Given the limited population of the region, and the vast distances both

within the region and between the region and other population centres in North America, economic growth as a whole has tended to ebb and flow in close relation to the demands of the natural resource sectors.

The continued capitalization of the agricultural industry has reduced the rate of employment creation in Saskatchewan to a point where the provincial population remained almost completely static over the 1960s and in fact declined during 1969, 1970, 1971 and 1972. A similar pattern was reflected in Manitoba but with effects on the provincial economy somewhat less striking than in Saskatchewan, primarily because of the capability of the large metropolitan area of Winnipeg to generate manufacturing and service employment, and the development of additional resource-based employment in the northern part of the province. Thus, the picture of a growing and dynamic West could in the past decade be applied realistically only to Alberta and British Columbia and, in those provinces, primarily to the major centres of Calgary, Edmonton and Vancouver.

There appears, then, to be a marked and accelerating tendency for the growth of Western Canada to be concentrated in the major urban centres of Alberta and British Columbia. If this tendency continues, difficulties in maintaining viable non-resource activity in Saskatchewan and Manitoba are apt to become progressively greater, particularly in the context of a northern Ontario economy that is expanding very slowly and that tends to be characterized by migration both east and west. Similarly Winnipeg would face increasing difficulty in performing its traditional role as a distribution, service, financial and commercial centre for the West.

Within this general context of a dual growth pattern in the West as a whole, there is within each province a duality between rural areas struggling to maintain viable small communities and urban centres. These urban centres in Manitoba and Saskatchewan, are the focal points for provincial migration from rural areas. In Alberta and British Columbia, they are increasing rapidly in size as a result of migration both from outside and from provincial rural areas.

The challenges facing regional development policy in the West can perhaps be defined best in terms of a need for diversification and balance. Secondary manufacturing, for example, remained relatively small throughout the 1960s, oriented to local and regional markets and relatively undiversified. The West is still heavily dependent on resource development, on primary resource processing on trade with other regions and countries, and on the import of many basic industrial and consumer goods. More specifically, much of its grain, cattle, oil, gas, ores and forest products is "exported" while most of its machinery, clothing, appliances, vehicles and so on are "imported".

An additional element in the socio-economic picture presented by the West is a growing concern for the special difficulties being experienced by the people of the northern portions of the four provinces. Across the western northlands there is a dichotomy between high income and high mobility in the resource centres and extreme poverty and relative immobility in other communities. In some situ-

ations, increased activity in resource development could aggravate the situation already facing seriously disadvantaged residents in the rural and remote northern portions of these provinces.

Changing circumstances in international trade, growing demands for resources and resource-based products and the evolution of the region itself provide cause for optimism. Concerns about the West can be alleviated and opportunities exist which, if realized through joint public and private initiatives, can generate a balanced and diversified economy.

The regional market in the four western provinces now includes more than five million people, more than half of whom live in seven urban centres. The developing market base is already providing a stimulus to regional business services but this potential for regional development is only beginning to be realized. With fast and efficient transportation and communication within the region, opportunities exist for diversifying and expanding the economic base of Western Canada by servicing the demands of its affluent and expanding urban centres.

Agriculture, forestry and fishery resources, combined with the large non-renewable resources of the region, will continue to provide a base for increasing employment and production. Opportunities appear to be substantial, particularly in processing primary products, manufacturing goods based on these products, manufacturing material and supplies required for exploration, production and processing, and supplying a range of services associated with these industries. The challenge will be to optimize the benefits and achieve balanced and stable growth from the opportunities available. Special efforts may be required if Saskatchewan and Manitoba are to participate significantly in western growth and if the growth is to be reflected in viable rural areas and viable smaller urban centres.

II. DEVELOPMENT INITIATIVES

The existence of economic and social disparities has long been recognized within Canada and there is an equally long history of federal government efforts to eliminate these disparities or alleviate their effects. The national efforts have ranged from assistance to specific industries such as agriculture to the federal-provincial equalization payments.

Many of the efforts to achieve balanced economic growth or to allocate the results of Canadian economic growth have concentrated on transfer mechanisms. The federal government has been the instrument whereby national wealth has been allocated or channelled to provide a high quality of public services throughout the nation. Many federal programs have been established to apply to specific problems or specific geographic areas of the country. The program of the Prairie Farm Rehabilitation Administration (P.F.R.A.) is a longstanding example. During the past decade, increased attention has also been given to the reduction of regional disparities through the encouragement of private industrial investment in areas experiencing slow growth.

At the same time, provincial governments were supporting and encouraging economic growth through a variety of means. Joint federal-provincial development plans were designed using such programs as the Fund for Rural Economic Development (F.R.E.D.). The results of joint federal-provincial plans and efforts to focus on specific areas can be seen in such examples as the Manitoba Interlake development agreement and in the rural development programs throughout the West under the Agricultural Rehabilitation and Development Act (A.R.D.A.).

In 1969, many of the federal government programs and agencies concerned with the alleviation of regional disparities were combined in the Department of Regional Economic Expansion. The Department began to concentrate and co-ordinate the regional thrusts of the federal government. A series of new federal-provincial agreements were entered into and increased funding was provided. New programs with particular application in Western Canada have included Special A.R.D.A. (for native people) and the Agricultural Service Centres Program under P.F.R.A.

An extensive review of the work of the Department of Regional Economic Expansion was launched in 1972 to ensure that policies and programs were responsive to changing needs. A series of reports from that review were tabled in the House of Commons and made public during June, 1973. These 16 staff papers include volumes entitled *Regional Development Programs*, *Regional Development Programs by Provinces*, and an *Assessment of the Regional Development Incentives Program*, as well as individual papers on the economic circumstances and opportunities in each province (except Prince Edward Island), the Atlantic Region, the Western Region, and a broad area across the western provinces arbitrarily defined for analytical purposes and referred to as the western northlands. These papers provide considerably more detail than is provided in the brief background papers prepared for the Conference on Western Economic Opportunities. Copies are available on request from the Department of Regional Economic Expansion.

The papers were prepared as a contribution to federal-provincial consultations on regional development policy in Canada. The consultations with each province were initiated by the Honourable Don Jamieson, Minister of Regional Economic Expansion, in May and June of this year. Extensive discussions at the official level have followed and will continue. It is expected that this process will result soon in a considerably more effective federal-provincial effort to solve regional economic problems.

The Conference on Western Economic Opportunities should complement the consultations now taking place on the future course of regional development policy in the West. It is clear from the analyses and consultations thus far, that a more co-ordinated and flexible approach is required. Regional programs in Western Canada must respond to a diverse set of economic circumstances and opportunities.

The responses to these regional development challenges must be tailored to needs and opportunities. Until now, many activities have been constrained by a preoccupation

with national policy applications or national standards. Planning and administration have often been too removed from the region in which programs are put into effect. Problems have been approached on the basis of what programs are available rather than what solutions are necessary. Often, the nature of economic development requires complex and integrated solutions which cannot be achieved through single-purpose programs.

Federal-Provincial Co-operation in Development

The Department of Regional Economic Expansion is proposing in its consultation with provincial governments that:

- greater emphasis be placed upon joint and co-ordinated federal-provincial development activity;
- a multi-dimensional approach be formulated which would be supported by the variety of public policies and programs, federal and provincial;
- there be recognition of regional differences and development needs, with greater pragmatism exercised in the encouragement of development opportunities.

The intention of the government to decentralize to a greater degree the planning and administrative operations of the Department of Regional Economic Expansion was announced in the Speech from the Throne last January. The basic design of this decentralization has been completed and the process of implementation will soon be underway. It is expected that this will strengthen the capacity of the Department of Regional Economic Expansion and the federal government as a whole, working with the provincial governments to stimulate more economic development in all points of the country, including Western Canada.

The multi-dimensional approach is one which recognizes that there are many facets to a developmental opportunity. It is designed to bring about a much-needed co-ordination of the resources, public and private, that can be used to pursue the opportunity. It offers the chance to undertake or support major development initiatives that require decisions or actions by a variety of individuals and agencies.

The multi-dimensional approach in Western Canada would recognize that the development needs of British Columbia are quite different from those of Saskatchewan; and that, while an industrial incentive may be required to encourage a project in Manitoba, an adjustment in freight rates might achieve the same result for a project in Alberta.

An improvement in the degree of processing of agricultural products in the West, for example, may result from a specific program directed at encouraging new manufacturing plants. The multi-dimensional approach recognizes that success may depend just as much on an adequate supply of raw materials, and the provision of appropriate financing to the farmer, the processor, and the marketing system. Adjustments in transportation and in storage and distribution facilities may also be required, along with aggressive national or international marketing. Successful

processing enterprises require a considerable period of time for their development and reasonable assurances of supplies, markets and financing.

The encouragement of increased processing would require the integrated use of many existing programs of both federal and provincial governments. Their powers to finance and their powers to regulate or adjust existing regulations could be brought into use. It is quite possible that, from time to time, existing programs would not be enough. In these circumstances, new programs or modifications to existing programs could be considered in a pragmatic manner.

Private sector investment is basic to our system. However, because aggressive private investment often is attracted to higher returns elsewhere, it does not mean that viable opportunities do not exist in many areas of the country. Government incentives have been developed to encourage private investment to pursue these opportuni-

ties. Government investment has often proceeded in the absence of private interest or participation. A broad spectrum of business financing institutions, government incentives to investment, and government supports to industry has been devised in Canada. A multi-dimensional approach to development would attempt to use all the resources currently available and where necessary, would provide a concrete means of determining the need for new institutional arrangements and additional forms of support.

The staff papers prepared on the economic circumstances and opportunities in Western Canada give an indication of possible new development initiatives that could be pursued. They have provided an important part of the basis on which present consultations are proceeding. New approaches to development are being formulated with each province and it is anticipated that in the near future, the federal and provincial governments will commence a renewed and increased effort to build a stronger and more viable industrial and commercial base in Western Canada.

FEDERAL PURCHASING POLICY AND REGIONAL GROWTH

A Background Paper Prepared for the
Western Economic Opportunities Conference

by

The Honourable Jean-Pierre Goyer,
Minister, Supply & Services Canada

July 25, 1973

BACKGROUND

Each year the Government of Canada buys approximately two billion dollars worth of goods and services from large and small business enterprises operating in the private sector. While this figure might appear small compared to a GNP of \$100 billion, nevertheless a substantial amount of economic benefit in the form of increased payroll and increased manufacturing volume results directly from this buying power of the federal government.

Some concern has been expressed that the economic benefits which flow from this purchasing are not regionally balanced. Since present statistics show purchases by vendor location and not by point of manufacture, we do not know precisely what the regional benefits are. However, approximately 80% of all federal government purchases by vendor location in Canada through the Department of Supply and Services in recent years were made in Ontario and Quebec, while the other eight provinces combined supplied upwards of 20% of all purchases. (See Appendix.)

This imbalance exists because of the interplay of a number of factors. The primary reason is the concentration of Canadian industry in the "Montreal-Windsor Corridor" combined with the location of the National Capital in the same region. This confluence creates a number of factors (proximity, intelligence on requirements, familiarity with personnel, easier and less costly access, etc.) which mitigate against a broad geographical distribution of government purchases. Specifications may dictate a com-

ponent of a final requirement which may only be available from Central Canada (even though equivalents may be available in other regions). Thus, if the final destination of the goods is Central Canada, then a supplier in Halifax or Vancouver is subject to transportation costs both ways. Short lead time for requirements means it is often not possible to go out for tenders beyond a 300-mile radius from Ottawa. Failure to specify final point of usage by customer departments means internal government transportation costs are often not taken into account. These, and similar factors, have combined to cause the present imbalance.

RECENT INITIATIVES

The issue of regional imbalance was raised in the White Paper, "Defence in the 70's", as follows:

"Defence expenditure forms an important component of Federal Government expenditures and one which has considerable impact on Canada's economy. This expenditure, largely taking the form of salaries paid to military and civilian employees and of payments for goods and services, clearly has yielded important incidental benefits to economic growth.

Although the payroll to military and civilian employees is decentralized and has benefited the economies of every province in Canada, the purchases of military equipment and other supplies have tended to be concentrated in the more heavily industrialized centres. In the foreseeable future the largest volume of defence purchases will continue

to be made in these industrialized areas, but to assist in the attainment of the Government's objective of regional economic equality, further decentralization of defence procurement into all regions of Canada will be encouraged whenever this can be done consistent with long-term economic efficiency."

The concern of Cabinet with the general issue of regional aspects of procurement was again reflected in its decision of May 23, 1972, concerning the contracting out of Research and Development to the private sector. This was publicly announced by the then Minister of Supply and Services on September 29, 1972 when he stated:

"... A most important element of the new policy relates to the regional distribution across Canada of research and development projects.

As evidence of this intention of the Government, my department was specifically instructed to apply the new policy in such a way as to distribute the resulting industrial benefits as widely as possible to industries in various regions of Canada and more particularly the department was directed not to concentrate research and development contracts in the two main industrial areas of Canada.

A further element of the Government's decision in this respect requires that the application of our research and development policy will include the establishment of new industrial research and development facilities in locations not now associated with such work.

This policy of decentralizing the nation's research and development capability will lead to the creation of centres of excellence throughout Canada."

Yet another example of this concern was expressed by Cabinet on March 22, 1973 in their Green Paper on a computer/communications policy in the section dealing with industrial strategy and procurement, when it stated:

"... the Government will take into account the significance of computer/communications in achieving balanced national economic and social development ..."

Formal recognition of the newly recognized role of procurement occurred in the 1973/74 Estimates Blue Book where the Objective of the Supply Program was stated as:

"To acquire and provide in the most economical manner goods and related services required by departments and agencies, taking into account the contribution of procurement to the realization of national objectives."

In addition to, and further to, these statements of principle and intent, which lack specific plans of implementation and measurement, the government has moved in direct ways to increase purchasing from the regions. In a Treasury Board Directive issued April 25, 1969, relating to identical bids received in response to a competitive tender, it states:

"(1) A tenderer whose manufacturing plant is located in a designated or special area is to be given preference over a tenderer whose manufacturing plant is not so located."

On April 1, 1973, the Department of Supply and Services instituted a demonstration project to assess the implications of awarding contracts on an FOB plant basis on the regional distribution of contracts. This project stemmed from recent Cabinet decisions which stated:

(a) distribution cost to point of final use, as well as product cost be evaluated by the government when determining the most appropriate source and

method of supply; and that as a guiding principle the source of supply be as close to the point of final use as possible in order to reduce distribution cost;

- (b) when the final point of use for a product is in the Atlantic Provinces or in the Western Provinces purchases will be made from suppliers in these regions provided that total cost to the government cannot be reduced by using alternative Canadian sources and all national requirements including those for the National Capital Region will continue to be purchased from suppliers throughout Canada;
- (c) to provide the government with a full assessment of the implications of awarding contracts on an FOB plant basis, the Department of Supply and Services undertake for at least one year a demonstration project related to the national competitive purchase of printing and metal fabricated products whereby all tenders for purchases of these products would be submitted FOB destination and also FOB plant and suppliers in the Atlantic Provinces and in the Western Provinces would be awarded if they were the lowest bidder FOB plant provided that the transportation cost differential was less than 10 per cent of product cost.

The Department of Supply and Services has asked the assistance of each and every department in providing DSS with the point of final usage of requisitioned products and to providing a greater lead time, so that the implementation of the new policy of buying close to point of final use would be as effective as possible.

In addition to these measures, the Department of Supply and Services has increased to \$2500 (from \$1000) the value of requirements received at the national headquarters which are passed to the regional offices to procure. To handle the increased regional supply activities, the Department has opened a warehousing distribution operation in Edmonton recently and within a few months will open one in Halifax. These are in addition to the ones presently operating in Ottawa, Montreal and Toronto. This action in itself will increase regional buying as more stocked items will be bought in the regions.

All these measures will have some impact, but as most have just been introduced, it will be some time yet before we have any hard data on the extent of their impact.

Finally, in line with its new objective, the Department of Supply and Services is actively exploring other means by which procurement can support the achievement of national objectives such as regional and industrial development. In this regard, it is working closely with other concerned departments.

THE QUESTION OF BALANCE

Before one can meaningfully contemplate further measures to achieve a greater regional balance in procurement, one must define what one means by a greater balance. "Balanced procurement" could mean balanced in terms of population or it could mean balanced in terms of indus-

trial capacity. The first definition would involve a substantially larger shift from the latter.

The main conclusion one is drawn to is that to the extent there is "imbalance", it exists because of the concentration of Canadian industry and the location of the federal government. To the extent that industry is developed in the Atlantic area and the West and to the extent that the federal government decentralizes its operations, so will government procurement, *inter alia*, become more balanced, both in terms of population and industrial capacity.

Further, while the total purchase each year by DSS is large, its impact on given industries and regions in most cases is not very substantial. It is more likely to influence specific companies than industries or regions as a whole. Nevertheless, in certain industrial sectors the impact is major.

A crucial fact to be kept in mind is that the overriding objectives of the government's procurement program must continue to be economy and efficiency. At the same time, the government has recognized the contribution that its procurement can play in support of other national objectives, including industrial and regional development. As noted before, it is still too early to determine the impact of the recent measures, but at the same time it is interesting to note that total federal government procurement in the West has increased recently in both total dollar value and as a percentage of the total buy. These figures are detailed in the Appendix.

FUTURE ACTION

In addition to continuing to pursue the recent initiatives outlined in this paper, the Department of Supply and Services will, in specific and appropriate circumstances, do the following:

- (1) Procurement will be used as an adjunct to industrial and regional policies. To the extent that the government's procurement program can lend support to other departments' activities in establishing viable industries, this will be pursued. This ap-

proach can be particularly applicable for regional requirements, as occurred recently with regard to certain of the furniture requirements for Government offices in Western Canada. Up until late 1971, the Government obtained all its modular furniture from manufacturers in Quebec and Ontario and it shipped these items to whichever location in Canada required them. Following a study of the situation, it was discovered by DSS that a manufacturer in Edmonton could be set up to produce part of the Western Canada requirements. The cost of the product was slightly higher, but this was more than offset by the savings in internal transportation costs. Thus a new capability was established in Western Canada, employment was created and the government will actually spend less money for its requirements.

- (2) As government decentralizes, there will be a shift in purchasing from Central Canada to the regions. This shift has already commenced as is demonstrated by the figures in the Appendix. The recent effort, as mentioned earlier, to have departments more comprehensively indicate the final point of usage of goods will also assist in achieving this shift.
- (3) The federal government is prepared to consider any initiatives by the provinces with regard to co-operative purchasing. Such a combined public sector buy, particularly of federal government requirements for Western Canada and western provincial government requirements, could maximize the leverage to be gained by using procurement to support and promote industrial and regional growth, particularly as it involves industrial specialization and rationalization in the Western Provinces.
- (4) Finally, the Government will welcome an exchange of purchasing information with provincial governments which could lead to an increased level of purchasing in Canada by all the governments concerned.

APPENDIX

REGIONAL DISTRIBUTION OF DSS CONTRACTS PLACED IN CANADA

NOTE: (1) Head Office contracting values are distributed by Region based on address of vendor as shown on contractual document.

(2) Field Office contracting values are distributed by Region based on location of Field Office.

(3) The following figures relate to the year in which contracts were placed and not to the year or years in which the expenditures were made.

REGIONAL DISTRIBUTION OF DSS CONTRACTS PLACED IN CANADA

Period	Atlantic Provinces	%	Quebec	%	Ontario	%	Prairie Provinces	%	B.C. N.W.T. & Yukon	%	Total	%
1968/69.....	38.7	4.4	425.6	48.5	346.4	39.4	45.8	5.2	21.9	2.5	878.4	100.0
1969/70.....	34.0	4.3	380.8	47.7	305.4	38.2	54.5	6.8	24.4	3.0	799.1	100.0
1970/71.....	48.3	6.3	274.7	35.9	327.1	42.7	84.6	11.1	30.9	4.0	765.6	100.0
1971/72.....	73.8	7.7	300.2	31.2	459.6	47.7	93.1	9.7	36.4	3.7	963.1	100.0
1972/73.....	76.1	7.0	336.7	31.0	519.4	47.8	108.0	9.9	46.2	4.3	1,086.4	100.0
Averages												
1968/69- 1972/73.....	54.2	6.0	343.6	38.2	391.6	43.6	77.2	8.6	31.9	3.6	898.5	100.0
1970/71- 1972/73.....	66.1	7.0	303.9	32.4	435.4	46.4	95.2	10.2	37.8	4.0	938.4	100.0

AGRICULTURE

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SUMMARY

There is an urgent need for increased agricultural production to keep pace with increasing world demands for food products, particularly food protein. Western Canada has land and human resources which have not been fully utilized at this point in time to meet the challenges of producing for this ever-expanding market. The intensification of agricultural production in Western Canada will increase Canadian exports, will increase food supplies and will contribute to higher and more stable incomes for all Canadians.

To achieve the potential of increased production, the federal and provincial governments must undertake a united development thrust in the agricultural industry.

Development must be accompanied by stabilization of prices and incomes to protect farmers from the devastating effects of periodic low prices and production, and to create the stable economic environment necessary for continuous growth and expansion.

To achieve these goals the Western Provinces offer a number of specific proposals, all of which have the support of all provinces of Canada.

In the area of agricultural development the Western Provinces propose:

- (1) That the federal government recognize its failure to meet the credit needs of low income high risk farmers and to meet these needs, it allow the provinces to have more input into planning credit programs, and that it provide the provinces with capital to be used in credit programs for high risk farmers;
- (2) That the federal government increase its efforts in applied agricultural research with the provinces having a more formal role in directing such research;
- (3) That it assist in the Development of a Prairie Agricultural Machinery Testing Institute;
- (4) That it establish a Farm Input Prices Review Board to prevent excessive price increases of inputs necessary for agricultural production; and
- (5) That it make a greater effort to prevent and control the spread of diseases, insects or pests brought into Canada in agricultural imports.

In the area of market development and income stabilization the Western Provinces propose:

- (1) That the federal government increase its efforts to obtain market information and make such information immediately available to the provinces;
- (2) That the activities of the Market Development Corporation more closely coincide with provincial marketing efforts and that its services be made more readily available for a wide variety of products;
- (3) That a national feed grain policy be introduced which will ensure equity for feed grain producers and livestock producers all across Canada;
- (4) That a grain income stabilization program similar to the one proposed by the 10 provincial Ministers of Agriculture in November 1971 be introduced;
- (5) That a national price stabilization program for other agricultural commodities be introduced to provide floor prices at realistic levels during temporary periods of depressed market conditions;
- (6) That the federal government introduce a national livestock insurance program with voluntary participation by provinces and by farmers to protect producers against production hazards which are beyond their control;
- (7) That the provinces have an input into the upcoming G.A.T.T. negotiations and that the federal government avoid at all costs a trade-off of agricultural interests for non-agricultural interests; and
- (8) That the federal government introduce a system of regulation of the importation of food products to protect the long-term interests of both producers and consumers.

In the area of co-ordination of federal programs the Western Provinces propose:

- (1) That there be a more effective co-ordination of federal programs affecting western agriculture; and
- (2) That the provinces have greater input into policies related to regional economic expansion.

In conclusion, the Western Provinces are making the proposals above because of a common concern that the federal government has not given agriculture adequate consideration in the past, and that a major new united thrust on the part of both federal and provincial governments is needed to enable the agricultural industry in Western Canada to realize its full potential.

INTRODUCTION

At the present time, there is an urgent need for increased production of food. World food reserves are at dangerously low levels and world production of protein, in particular, seems unable to keep pace with increasing demand. The result is rapidly increasing food prices and a general consensus that more emphasis must be placed on increasing food supplies.

To those who look only at short run situations, there have been times when temporary surpluses of particular commodities have made it appear that agricultural resources are in surplus. However, there can be no doubt that there is a long-run need for increased development of agricultural production.

Western Canada holds a tremendous untapped potential for increased food production. Present production tends to be land-extensive with low levels of input of labour and capital.

Rural communities and the agricultural industry of Western Canada have been operating under generally well recognized adverse conditions. These conditions include:

- (1) Unstable product prices with recurring periods where returns are less than production costs;
- (2) Varying levels of production often caused by factors beyond the control of farmers; and
- (3) Income disparities with respect to other sectors of the economy caused by:
 - (a) little control over the cost of inputs;
 - (b) marketing problems centered on:
 - (i) transportation disparities
 - (ii) lack of market intelligence
 - (iii) over-reliance on the domestic market
 - (iv) lack of bargaining power of numerous individual farmers.

The result of these conditions has been undue economic hardship on the western Canadian agricultural community and industry with resultant effects on the well-being of Canada. There has been a continuous migration of people from rural areas and an accompanying deterioration of rural and urban communities. Agriculture is presently in a process of consolidation and adjustment at a time when there is an urgent need for intensification of production.

There is an immediate need for a major development thrust for the agricultural industry. Capital, technology and the economic environment must be adequate to enable the maximum utilization of the vast land and labour resources of Western Canada.

Development must be accompanied by a stabilization of production, prices and incomes.

Past attempts to make improvements in agriculture have met with limited success. Too often those attempts have been of an ad hoc nature rather than a co-ordinated effort to provide an environment which will lead to long-term solutions. The correction of this situation calls for a unified effort on the part of the federal government and the provincial governments of Western Canada.

With these facts in mind, the Premiers of the four Western Provinces are making a number of specific proposals. These proposals have the general agreement of all ten provincial governments.

The proposals fall into the following areas:

- (1) Agricultural Development;
- (2) Market Development and Income Stabilization;
- (3) Co-ordination of Federal Programs.

AGRICULTURAL DEVELOPMENT

Western Provinces are exceedingly concerned about their development possibilities. The integrity of the nation and the place of the Western Provinces in the nation will depend upon a national willingness to include the Western Provinces in the development process.

Given the resource base of the Western Provinces, agricultural development must be an integral part of total development.

The Western Provinces hold that provincial governments must have a position of pre-eminence in developing regional development objectives and priorities. The federal structure was created on the basis of diverse regional interests and diverse regional needs. Nowhere is there a more obvious need for legitimizing the expression of these diverse interests and needs than in development policy.

The federal government has never recognized the critical role of the provinces in expressing priorities as they apply to agricultural development. National policies and programs, with their intended neutrality in terms of impact on regional development patterns, have simply failed to meet the special needs and special circumstances of western agriculture. As a result, the Western Provinces strongly hold the opinion that all programs having an impact on agricultural development must be made more flexible in terms of their operational aspects; and further, that the provinces must have a direct input into planning and formulating federal policies within the province with respect to agricultural development.

Specifically, with respect to agricultural development, the Western Provinces request the following:

(1) Farm Development

- (a) That the federal Farm Credit programs be modified to provide for a greater provincial input into

both planning and administration, preferably through the development of an integrated federal-provincial Farm Credit program.

- (b) That the provision of all farm management and farm development counselling services remain with the provinces, in recognition of provincial jurisdiction in the field of education under the constitution.

These recommendations are being made in recognition of the fact that an integrated farm credit and farm management counselling program is fundamental for purposes of realizing basic farm development objectives. Unilaterally managed federal programs in this field have operated contrary to, and in conflict with, the development orientation of provincial policies. They have encouraged adjustment and contraction rather than growth and development.

- (c) That the federal government make available loans to Provincial agencies, for relending to those farmers constituting the lower 1/3 in terms of incomes and capital, with the federal government and provincial governments sharing equally the losses on such loans.

This recommendation is being made recognizing that the federal government has traditionally provided credit, through the Farm Credit Corporation, to low risk farmers and that it has failed to meet the needs of beginning farmers with good potential, but who lack capital. The provincial governments have had to provide credit to farmers with higher risk.

(2) Research

- (a) That the current federal austerity with respect to agricultural research be lifted, and that a much higher priority be placed by the federal government on applied agricultural research.
- (b) That the Western Agricultural Research Advisory Council, to be formed by the four Western Provinces, be given a formal role in determining research priorities and in co-ordinating research activities within the western region.
- (c) That agricultural research be retained as a separate and distinct area of federal endeavour; and that any plans to merge agricultural and other research activities be withdrawn.

These recommendations are being made recognizing the unique contribution to be made by applied production research to the development of agriculture and the fact that the present research efforts of the federal government are not adequate to effectively develop the agricultural industry of Western Canada.

(3) Farm Machinery Testing

That the federal government agree immediately to assume 50 per cent of the capital costs, and 42 per cent of the operating costs of a Prairie Agricultural Machinery Institute.

This recommendation is being made in recognition of the facts that a viable agricultural industry requires efficient

modern equipment at the lowest possible cost and that the farm machinery industry has not adequately served the needs of western farmers.

(4) Farm Input Prices Review Board

That the federal government introduce immediately a Farm Input Prices Review Board to monitor the prices paid by farmers for inputs necessary for agricultural production and take the necessary steps to prevent excessive price increases.

This recommendation is being made in recognition of the increased concern on the part of consumers over food price increases, the establishment of a Food Prices Review Board and the rapidly increasing farm input prices which make increased food prices necessary to cover costs of production.

(5) Disease, Insect and Pest Control

- (a) That the federal government upgrade its inspection of agricultural imports to prevent the introduction of new diseases, insects or other pests which are detrimental to agricultural production in Canada.
- (b) That where new disease, insects or pests are introduced, the federal government give adequate support to the region affected to enable the introduction of effective control measures.

This recommendation is being made in recognition of the fact that import inspection and regulations are the responsibility of the federal government.

MARKET DEVELOPMENT AND INCOME STABILIZATION

Western agriculture has long been subject to extreme instability of production levels, market opportunities and product prices. This instability has imposed extreme hardships on farmers and those persons involved in industries serving the agricultural sector.

Even more serious has been the effect of instability on agricultural development. Recurring depressed product prices and adverse production conditions have restrained farmers from using credit and investing adequate levels of capital in assets used in intensive agricultural production. Uncertainty of returns coupled with high capital requirements in agricultural production have imposed formidable barriers to the establishment of new profitable farming operations. The combined results have been land-extensive farming operations with low returns per acre, low levels of economic activity and declining farm and rural populations.

If Western Canada is to achieve stable and growing incomes in the agricultural sector and related service and processing industries, and real economic development which fully utilizes available agricultural and human resources, the federal government must introduce major new programs to stabilize and increase returns to all parts of the agricultural industry.

Specifically with regard to increasing and stabilizing returns to western agriculture, the Western Provinces propose the following:

(1) Improved Market Intelligence

- (a) That the federal government increase its efforts to obtain market information by increasing its staff of agricultural market specialists in other countries.
- (b) That the federal government make special efforts to develop a communication system between federal representatives and provincial governments to ensure that the latest and most up to date market intelligence is made immediately available to all provincial governments.

The above recommendations are being made in recognition of the fact that the market intelligence service of the federal government to date has not been adequate to enable provinces to take advantage of market opportunities in world markets.

(2) Greater Use of the Export Development Corporation

- (a) That the role of the Export Development Corporation be more closely co-ordinated with provincial marketing thrusts and provide substantial export credit for all agricultural products.

This recommendation is being made in recognition of the fact that the Corporation does now provide substantial amounts of credit for grain sales but that it is in the interests of all Canada to encourage the export of higher value-added forms of agricultural products.

(3) Marketing of Feed Grains

- (a) That the Canadian Wheat Board structure should be changed to include a representative from each of the Western Provinces.
- (b) That the Canadian Wheat Board should continue to be responsible for interprovincial movement of feed grains.
- (c) That the provinces be responsible for the intra-provincial movement and pricing of feed grains.
- (d) That where a province so requests the Canadian Wheat Board accept responsibility for pricing and control of feed grains for intra-provincial trade.
- (e) That a national pricing structure should be introduced which guarantees users of feed grains in all areas of Canada access to feed grains produced in Western Canada at prices comparable to the prices paid by users of feed grains in Western Canada, adjusted for transportation, handling and Wheat Board operating costs.
- (f) That the federal government maintain a "Feed Grain Bank" which would be used to alleviate actual physical shortages of feed grains to meet domestic requirements.

These recommendations are being made in recognition of the following facts:

- off-quota prices for feed grains in Western Canada have been very unstable resulting in recurring periods of disastrously low prices for feed grains, extreme economic hardships for grain producers, and instability in levels of livestock production;
- a continuous supply of feed grains at reasonable price levels is necessary for all areas of Canada to facilitate the development of the Canadian livestock industry;
- feed grain policies must not distort regional advantages or disadvantages in livestock production.

(4) Grain Income Stabilization

That the federal government introduce a grain income stabilization program similar to that proposed by the provincial Ministers of Agriculture in November 1971.

This recommendation is being made recognizing the devastating effects of unstable grain incomes on the development of agriculture. Periodic low incomes cause extreme economic hardship for farmers, rural service centres and agriculture support industries. Unstable grain incomes lead to sudden shifts in and out of livestock production thereby disrupting the development of a stable livestock industry. Periodic lack of income and markets force extensive farming operations and rural depopulation.

(5) Commodity Price Stabilization

- (a) That a national price stabilization program for agricultural commodities (other than those included under a national grain income stabilization program) be introduced which would provide floor prices at realistic levels during temporary periods of depressed market conditions and which would be triggered by mechanisms known to producers in advance.
- (b) That G.A.T.T. negotiations be directed towards removing trade problems which may result if Canada introduces major price stabilization programs.

These recommendations are being made in recognizing that the Agricultural Incomes Stabilization Act as it is presently administered does not provide farmers with the assurance of prices adequate to cover costs of production.

(6) Livestock Production Insurance

That the federal government introduce a national livestock insurance program (along the same basic principles as Crop Insurance) in which the provinces may voluntarily choose to participate. The program, with cost sharing from both federal and provincial governments would cover natural perils to livestock on farms.

This recommendation is being made in recognition of the fact that disasters beyond the control of the farm operator can have devastating effects on the financial

situations of individual farmers and that such risks hinder the development of the Canadian livestock industry.

(7) General Agreement on Tariffs and Trade

- (a) That the federal government, in its negotiations in respect to G.A.T.T., avoid at all costs trade-offs of agricultural for non-agricultural interests.
- (b) That the provinces be invited to participate in the preparation of the Canadian G.A.T.T. position.
- (c) That the federal government arrange for the provincial governments to have a provincial observer at the actual G.A.T.T. negotiations.

These recommendations are being made in recognition of the fact that G.A.T.T. negotiations in the past have generally tended to strive for greater development of non-agricultural industries in Canada but that Western Canada must develop its agricultural sector to provide a sound base for further economic development.

(8) Import Regulation

It is essential that Canadian consumers should have full assurance of an ample supply of wholesome, high quality food products to satisfy both their present and future requirements. This assurance can best be given through the maintenance and the development, within climatological limitations, of a wide range of food production activities in Canada.

These climatological limitations are applicable for the most part to the horticultural section, and their effect upon the Canadian producer stems basically from the earlier maturity of such crops grown in more southerly latitudes.

United States production far outweighs Canadian, and when the former exceeds normal domestic demand, prices fall at times to disastrous levels. This in turn influences the market in Canada. Further, United States shippers often drop their prices as a part of their "clean-up" operations at the end of their marketing period. This also exerts downward pressures on Canadian prices.

In addition, the Canadian horticultural producer is governed by stringent hygienic regulations, including strict controls on use of chemicals. Products from other countries where no such restrictions apply are permitted into Canada without restraint. This creates added difficulty for the domestic grower in his attempts to provide a quality product at competitive prices.

In view of these factors, the federal government's attention is directed to the following:

- That a system of import surtax be introduced which would immediately apply on an automatic basis when prices of imported food products fell below an established minimum price that would be seriously detrimental to the Canadian industry.
- That food imports be restrained under the circumstances of an ample supply being available in Canada.

—That imported foods, including packaged meals, be subject to a general investigation and thereafter to continuous monitoring to ascertain before retail sale that the products in question are in fact complying with Canadian quality and health standards as well as international trade rules.

CO-ORDINATION OF FEDERAL PROGRAMS

The Provinces take the position that the present structure of the federal government has not led to adequate co-ordination of federal programs and recognition of special regional needs.

The Canada Department of Agriculture has traditionally defined its role as one of promoting general agricultural interests with a minimum effect on regional advantages. Regional economic development problems have been the responsibility of the Department of Regional Economic Expansion. There has been a reluctance on the part of DREE to become sufficiently involved in areas where the responsibility of DREE overlaps with the responsibility of the Department of Agriculture.

The provincial economies in Western Canada are much more dependent upon agriculture than is the case in other areas of Canada. Western economic development must be based on a sound agricultural development strategy.

Agricultural and economic development requires a comprehensive co-ordinated development thrust in many areas, including transportation policies and marketing activities.

Specifically, with regard to co-ordination of federal programs, the Western Provinces propose the following:

- (1) That there be more effective communication and co-ordination of activities between the Minister of Agriculture; the Minister of Regional Economic Expansion; the Minister of Industry, Trade and Commerce; and the Minister in charge of the Canadian Wheat Board.

This recommendation is being made in consideration of the fact that conflicting statements and policies have arisen from the Ministers in their various areas of responsibility.

- (2) That the provinces have greater input into policies related to regional economic expansion.

This recommendation is being made having regard for the fact that the provinces are in a relatively better position to know their respective special needs, and that federal programs must be consistent with provincial development objectives and programs.

CONCLUSION

The Western Provinces are making the recommendations above because of a genuine concern for the future of the agricultural industry in Western Canada. The Provinces are confident that agriculture has tremendous potential to contribute to the economic development of Western Canada and that agriculture has not received adequate attention in the past.

The proposals listed above are not the complete package of requirements but rather those areas of greatest concern at this time.

Approval of the proposals will indicate a sincere desire on the part of the federal government to recognize and meet the regional needs of Western Canada.

AGRICULTURE

This background paper has been prepared by the Government of Canada for the Conference on Western Economic Opportunities, Calgary, July 24-26, 1973. This analysis provides a basis for discussion of issues with the western provinces at the conference and for substantive proposals which will be presented at that time.

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PART I

A Perspective on Western Agriculture

Agriculture in Western Canada is a large commercial operation based on a rich and varied land resource providing a livelihood for 673,000 people on farms and for most of the rural non-farm population of 1,026,000. The two groups account for 30 per cent of the population of the four western provinces. Agriculture provides employment for many service and processing industries and is an important contributor to Canada's balance of payments. Agricultural exports to international markets from the region are estimated at more than \$1.3 billion 1972.

Total cash receipts from western agriculture reached \$2.8 billion in 1972 or 52 per cent of Canada's farm cash income. The agricultural sector produces 16 per cent of the net value of all goods-producing industries in the region and the farms had a capital value of \$14.4 billion in 1971 of which land and buildings accounted for \$10.1 billion, machinery \$2.5 billion and livestock \$1.9 billion.

The occupied farm area consists of 139 million acres of which 89 million acres are improved for crop production. Occupying this land are 193,000 farmers. The predominant structure is one of farms of large area (average size 722 acres) with highly specialized operations.

The agriculture industry of Western Canada is based on grain production and traditionally has been export market-oriented. The family farm is the dominant type of organization; in 1971 only 498 farm businesses were incorporated by other than families.

The rural-urban population distribution differs between provinces in line with the relative importance of the agriculture industry. In Saskatchewan more than 25 per cent of the population resides on farms, in Alberta 14.5 per cent, Manitoba 13.2 per cent and in British Columbia 3.4 per cent. The farm population has been decreasing and the urban population increasing in all provinces.

The product mix is essentially one of extensive crop production, wheat being the traditional and predominant cash crop. The West produces all Canada's rapeseed, more than 95 per cent of its wheat, barley and rye, and 75 per cent of its oats. It has 80 per cent of the beef cows, 60 per cent of all cattle, half the sheep and hogs, one-third of the poultry and one-fifth of the dairy cows.

Excepting some of the fruit and vegetable production adjacent to major cities, the agriculture of the West depends heavily on distant domestic markets and export outlets. Thus transportation, handling and storage are important links in movement of farm products outward and for the inward movement of purchased goods and services for farm production and rural living.

Farm production, marketing institutions, transportation and government policies have evolved as a closely inter-related system in which changes in any major component have important repercussions throughout economy of the region. Output growth has been relatively rapid but unstable. Export demand shifts and weather-induced yield variations have been primary sources of instability but fluctuations in product prices and changes in farmers' production plans compound the instability problem. The re-

sultant uncertainty for investment in farming, processing, transportation and ancillary activities has been a major constraint on agricultural and western growth.

PROSPECTS

Western agriculture will continue to produce for and rely on both export and domestic markets. However, the products will be more varied as crop production becomes more varied, as the livestock industry expands, and as more processing is done in the region. Cereal crops will remain basic to western agriculture being both a source of income from direct sales and major inputs for the livestock industry.

The family farm will remain the dominant type of farm organization but will be larger and more complex than in the past. There will be more use of credit for expansion and short-term production needs, more association with management experts for planning organization and operations, and there will be further mechanization and declining labour needs. Incorporation of farm businesses to take advantage of financing arrangements and succession will expand while incorporation by other than family groups will not. Farm incomes should grow with productivity and sales.

PART II

Federal Agricultural Policy Objectives and Western Agriculture

The fundamental aims underlying federal agricultural policy are to improve the well-being of farm families and to optimize the contribution of agriculture to the economy. To these two basic purposes should be added that of furthering national unity which, while not peculiar to agricultural policy, is a sufficiently important object of federal policy to merit explicit inclusion:

More specifically, the objectives of national policy for agriculture are:

- (a) Expansion of agricultural production, based on competitive advantage and commensurate with the development of domestic and export markets.
- (b) Promotion of greater stability for the purpose of farm family income maintenance, for furthering competitive advantage through continuity of supply, for facilitating planning and reducing the burdens of uncertainty in financing.
- (c) Facilitating of adjustment to economic and social change to assist farm and rural families to attain their income aspirations by encouraging the expansion of small farm businesses into commercially viable operations and by contributing to the development of rural communities.

These aims and objectives are sought through increased competitiveness of agriculture by continuing research and development, improved organization and marketing, fuller use of the opportunities afforded by new technology, expansion of production and greater stability.

The priorities attached to these agricultural policy objectives may be modified in accordance with agricultural research results and assessments of agriculture's performance and prospects. Such assessments indicate the need to give greater priority to the inter-related objectives of stabilization and diversification in the further development of agricultural policy, especially in the West.

In the West, there are major opportunities for diversifying farm production through expansion of beef and pork production, and for further processing of oilseeds. However, the realization of such opportunities for agricultural diversification may require change in access to foreign markets, greater market development efforts, changes in transportation facilities and costs, and new initiatives at the farm production and industrial processing levels.

Stabilization can take the form of diversification to reduce the variability of total returns through a different product mix, but also includes measures such as financing and storage, and more directly, increased control over farm production through technological change. Stabilization may reduce farm income fluctuations, stimulate growth of farm production by reducing uncertainty, avoid unnecessary short-term adjustments or be essential to investment in ancillary sectors and market development. The instability of agriculture in the West has had very serious effects on the incomes of rural families. It has slowed agricultural growth, and the lack of continuity of supply of some commodities has adversely affected the development of further processing in the region.

However, while the needs for greater diversification and stabilization of western agriculture are evident, the most appropriate selection and co-ordination of measures to further these ends is not readily apparent, and must be developed. A combination of measures appears necessary and, as well, opportunities, problems, and appropriate solutions differ among commodities. More fundamentally alternative approaches differ in the contributions they make to the objectives of agricultural policy and to the specific regional goals for agriculture. Consequently, careful identification of the objectives and goals besides in-depth evaluation of alternative approaches is needed to arrive at the best policy strategies.

From the national viewpoint, further agricultural policy development to increase stability and diversification must be considered in the context of improving the welfare of farm families, and optimizing the contribution of agriculture to the economy. Thus agricultural stabilization and diversification efforts should be consistent with the extension and maintenance of competitive advantage in domestic and international markets and should take account of the effects on the viability of farms and on the incomes of farm families. The issues involved are regarded as fundamental to the long-term development of agriculture and rural communities, and require comprehensive approaches rather than single-commodity or narrowly farm-oriented approaches. To attain agricultural growth and stability with regard for the quality of life and opportunities for rural people requires treating farming, processing, marketing and input industries as components of a system. Policy initiatives in such seemingly disparate areas as foreign

market access, domestic transportation, or rural community services can have major repercussions on the whole agricultural system. Thus, the process of policy development, in terms of mechanisms for consultation and of evaluation of programs and proposals, must be done carefully and will take time. Consultation in the development of policies and co-ordination in the implementation of programs is essential.

PART III

Quality of Life

The agricultural system rests on an economic and political philosophy that places great stress on the individual farmer and businessman's desire to make the decisions affecting his business and welfare, and on the role of private ownership and control of the resources they use. However, under the pressure of modern marketing developments, farmers and the rural community have been willing to advocate and develop such devices as co-operatives, marketing boards and other commodity organizations with concomittant restrictive regulations, including marketing quotas.

The relatively low average level of farm and rural income compared with opportunities elsewhere has led to migration to western cities. In parts of the West there has been much rural poverty on farms and in rural communities. Many have left the rural areas at considerable personal cost. The slow decline of many small towns has often caused cut-backs or a rise in cost of services to farmers, leaving urban centres to provide additional resources to accommodate, educate and retrain rural people.

Income instability has been an acute problem for western farm families and rural communities. Wide fluctuations in production and in commodity markets have caused large annual farm income changes. Net farm income peaked in 1966, declined by 26 per cent in 1969, then rose by 13 per cent in 1972. In low income years many farmers contract heavy debts which must be liquidated when incomes rise again, leaving little opportunity for investment in the improvement and expansion of farm operations.

Economic growth, while important, is not the only end and may conflict with other values and with the maintenance of the existing structure of farming and of rural communities. The quality of life is directly associated with community services such as health, education, transportation, and social and cultural activities. A network of viable communities is critical to the maintenance and expansion of commercially viable farms providing adequate income to farm families. Farmers must rely on the facilities of the rural communities for purchased inputs and for other commercial and public services.

Western Canada's rural non-farm population, greatly dependent on agriculture, resides in almost 2,000 communities of 1,000 persons or fewer. Many of these centres show little indication of growth and are in various stages of decline regarding the variety and quality of services rendered to farm families. Studies conducted in Manitoba,

Saskatchewan and Alberta show about half these communities have only 10 or fewer services.

PROSPECTS

There are good prospects for expansion of agriculture in the West, although these expectations are tempered by the need to reduce the problems of instability. The farm family business will remain characteristic of the western farm structure. Future changes will likely continue to favour larger farms, the growth in the number of commercially viable farms and the decline in the smaller low income farms. This implies some persistence of the decline in the farm population and also of out-migration from rural areas, unless rural non-farm employment increases. Thus, the cost of social services in rural areas could continue to rise.

ISSUES

The difficulties of the rural population lie in trying to achieve the level and quality of life enjoyed by their urban counterparts without the loss of the rural community structure, and the lack of sufficient off-farm employment opportunities both in permanent and seasonal employment.

PART IV

Crops and Livestock

The crop and livestock sectors of the western agriculture industry are complementary in some respects and competitive in others in their demands on resources. Cattle and sheep complement crop enterprises by utilizing land not amenable to arable crop production, and cattle, hogs and poultry are the means through which much of the region's crop production is marketed. In the arable land areas, cattle and sheep compete with grain for land and capital resources, and their relative importance tends to change with changing price relationships.

Under present economic and technological conditions the land base is more or less fixed. Therefore, expansion and growth of both the crop and livestock sectors must come through more intensive use of present farm resources. The extent of beef expansion in Western Canada under present management practices depends upon increased pasture availability. The potential is very limited in the southern prairies, but in the parkland area is greater. However, in the parkland area, pastures must compete with a wider range of cereal and oilseed crops. In British Columbia, large areas of the southern interior are amenable to livestock enterprises with extensive use of land, but pasture carrying capacities are very low. Opportunities for increased crop production in the West are largely in more extensive use of fertilizer, improved and new varieties, and a reduction in summerfallow acreage.

Grains

Grains are grown for sale on 170,000 farms in Western Canada and are the commodities basic to the western agricultural economy. Their sales are an important source of farm cash income and their export contributes to Canada's

trade earnings. They are also important inputs of the livestock and poultry industries and some secondary industries.

In 1971, farm cash receipts from wheat, oats, barley and rye grown in Manitoba, Saskatchewan, and Alberta exceeded \$850 million. Their exports were more than \$1 billion. About 800 million bushels a year are used as feed for livestock and poultry, and 100 million bushels of various grains are used in the brewing, distilling, flour milling and food-processing industries.

PROSPECTS

Projections by the Food and Agricultural Organization of the United Nations of world demand for grains to 1980 suggest an annual growth rate of 2.4 per cent. Two-thirds of the expected increase in utilization of grains is for non-food uses such as livestock feed, seed and industrial use. The rate of increase in human consumption of wheat is expected to gradually flatten out because declining per capita consumption will largely offset the effects of population growth. The common cereal grains do not presently have a great potential in the preparation of protein concentrates or isolates, because of their relatively low protein content. New varieties and breeding programs to meet market needs could change this picture. Continuation of the recent rate of increase in the world demand for meats, particularly in Canada and the United States, will provide an expanding domestic and export market for feed grains.

Although there will continue to be opportunities for diversification, farmers in the prairie provinces will continue to grow grains as their main crops. Prospects for adding value to grain produced in Western Canada largely depend on increases in production of livestock. There is no apparent prospect of regaining export flour markets or of obtaining new ones, nor is there an apparent prospect of developing an export market for complex mixed livestock feeds.

Because of the finite land base in the West and growing competition from oilseeds and livestock, future increases in grain production will come largely through yield increases and some reduction in summerfallow acreage.

PROBLEMS

The climate of a large part of Western Canada places restraints on crop production. For some farmers grain is the only production alternative and they are dependent on international markets for grains, particularly wheat. World markets traditionally have fluctuated between the extremes of large surpluses accompanied by low prices and short supplies accompanied by higher prices. These fluctuations in the world markets affect the cash receipts of prairie grain growers and the secondary industries of the West.

Export markets are several thousand miles from the production area necessitating the co-ordination of many complex handling and transportation activities between the farmer and the user of western grains. International cooperation in planning grain production and marketing is limited. International efforts have been able to exert little pressure against farm policies and programs rising out of powerful domestic forces in other countries.

Large units of land are necessary for efficient utilization of technology in grain production, creating intense competition for the finite land resource. Yields of grains in Western Canada generally are lower than in some other countries because of climatic conditions and because high support prices in many countries cause their farmers to increase their inputs into grain production. However, because of the extensive nature of grain production, the high quality product, Western Canada can compete successfully in world markets. While western Canadian farmers have become very efficient in adapting to their production environment, this has not provided Canada any production advantages over other major grain exporting countries.

Labour problems among those who handle and transport grain, and inadequate railway, elevator and port facilities can prevent the right grade and quantity of grain from meeting export opportunities and from maximizing grain exports.

The grading system for feed grains, particularly barley, does not fully take account of factors affecting feeding value and thus competitive pricing of these grains is a problem.

Co-ordination of the facilities used in the handling and transportation of grains and oilseeds needs improvement. The Canadian Wheat Board markets wheat, oats and barley. Rye, flaxseed, and rapeseed are marketed by private trade, but the wheat board regulates their delivery from farm to market.

Farmers have not been able to take full advantage of opportunities to change production patterns to meet changing market requirements.

ISSUES

- (a) Variability in farm cash receipts from grains because of fluctuations in world supplies, climatic conditions in the prairie area, and lack of co-ordination in international grain marketing. An example of the variability in cash receipts is that of receipts from wheat which were \$1 billion in 1967 but only \$443 million in 1970.
- (b) Few opportunities in many parts of the prairies for diversification to other types of production, resulting in a dependency on grains and an inherent tendency to overproduce in relation to effective demand. Farmers continue to grow high protein hard spring wheat while the market for this type of wheat has changed and the market for other types of wheat and coarse grains has been expanding.
- (c) Rationalization of the handling and transportation facilities used in the marketing of both Canadian Wheat Board grains and non-board grains and oilseeds.
- (d) Market development associated with the need to maintain and expand export markets in the face of trade barriers in importing countries, subsidized exports from other nations, declining trade in wheat flour, technical improvements permitting use of softer wheats in baking, and fluctuating supplies of wheat and barley available for export.

Oilseeds

The four oilseeds grown in Western Canada, rapeseed, flaxseed, sunflowerseed, and mustardseed comprising about five million acres together in 1972, are handled and marketed by the private grain trade. Rapeseed is crushed principally in Western Canada. In flaxseed, all domestic crushing takes place in Eastern Canada, while the Altona, Manitoba, plant crushes nearly all of the sunflowerseed. Mustardseed is virtually all exported for refining abroad.

The crushing industry in Canada produces crude and refined vegetable oils and high protein meals. Previously oil and meal had been produced for domestic use but now Canada is beginning to enter the international market for oilseed products in a fairly significant manner. Rapeseed oil now represents 40 per cent of the total domestic consumption of vegetable oils in Canada.

In the crop year 1971-72, exports of rapeseed were valued at \$111 million with total crop value at the farm level in 1970-71 of \$165 million. In the 1970-71 crop year, total farm flaxseed receipts were \$111 million, sunflowerseed over \$3 million, and mustardseed nearly \$6 million. Exports of sunflowerseed, largely for confectionery uses, were valued at nearly \$4 million in the 1971-72 crop year.

PROSPECTS

World edible oil consumption is rising steadily at three to four per cent per year, in which rapeseed oil should maintain or expand its share of the market. Demand for high protein meals is expected to expand rapidly in the 1970s both in Canada and abroad due to increased world livestock and poultry demands. However, the presence of thioglucosides in rapeseed meal places an upper limit on livestock dietary intake of the meal, thus limiting growth in meal demand to maintaining its share in domestic and traditional international markets. Changes in the barriers to trade in rapeseed through GATT negotiations, particularly in Latin America and the Pacific Rim, could substantially improve the long-run growth opportunities for rapeseed. The removal of the thioglucosides from the rapeseed meal, through plant breeding and/or technology to be achieved by 1977-1981, will permit greater growth in rapeseed markets thereafter, as a substitute for soyabean meal.

Growth prospects in flaxseed, largely dependent upon international demand since much of Canadian production is exported, appear modest in the longer term. Prospects for sunflowerseed appear excellent with the possibility of higher-yielding hybrids entering production in the next four to six years. In mustardseed, Canada is by far the largest exporter in the world, with growth heavily dependent upon increasing world demand. Since Canada is a net importer of processed mustardseed products, opportunities should exist for capture of value-added in mustardseed processing. Canada must provide the most efficient marketing system to compete effectively for world markets in oilseeds, oils and meals, to capture increased value-added components and fully utilize future tariff improvements.

PROBLEMS

A number of aspects in the transportation and handling system for oilseeds influence regional production and proc-

essing opportunities. The freight rate on vegetable oils, the domestic freight rates on rapeseed moving to crushers within the prairie region, and the location of cleaning facilities for rapeseed and flaxseed militate against continued expansion within Western Canada in the oilseed industry and more importantly, provide other countries with opportunities for expansion, particularly in crushing of oilseeds.

The instability in acreages and prices of oilseeds is of fundamental importance in the long-term growth and development of the industry. The year-to-year instability in acreage largely results from independent determination of cereal crop and oilseed prices; yet expected prices are the major determinants of cereal and oilseed acreages. Shortfalls in oilseed production due to high relative grain prices are unlikely to substantially alter world price relationships. Canada is the largest exporter of rapeseed and in most years the largest flaxseed exporter. The volume of oil and meal content exported remains quite small in relation to total world trade in the oils and meals. Instability in prices within years deters achievement of the fullest possible growth in this industry. The prices received by farmers are established daily.

The choice of marketing systems for rapeseed and possibly flaxseed has been debated within the industry and governments in recent months. The problems involved in the choice include price spreads between markets and marketing co-ordination with the other crops in Western Canada.

The loss of Commonwealth Preference providing for free entry of oilseeds and oilseed products into the U.K. holds implications for Canada. Canada must now compete directly with the U.S. in moving soyabean products into the U.K., with the resultant decline in Canada's role as processor of U.S. soyabeans for the U.K. market. Further, the common agricultural policy of the European Economic Community will substantially raise U.K. oilseed prices, and has already stimulated rapeseed production in the U.K. and will continue to do so. The result is a possible loss of oilseed markets in Europe, not only of soyabeans but rapeseed as well.

Canada, in general, has lower tariff and non-tariff barriers to trade in oilseeds than do other countries. The barriers faced by oils and meals are generally higher than for oilseeds in seed form. The barriers faced by rapeseed and rapeseed products are usually higher than for other oilseeds and oilseed products, excepting Japan and the EEC, currently Canada's largest rapeseed customers. Expansion in international markets for Canada's rapeseed and rapeseed products will be heavily influenced by changes in these tariff and non-tariff barriers, particularly in Central and Latin America, and the Pacific Rim.

ISSUES

- (a) The freight rates for vegetable oils moving to domestic and international markets relative to the rates on oilseeds and oilseed meals. The rate differential provides a preference for movement of oilseeds in seed form and affects the competitive position of Western Canadian oilseed crushers.

- (b) The freight rate for rapeseed moving from elevators to crushing plants within the prairies relative to freight rates for rapeseed moving outside the prairie area to both domestic and international markets. This rate differential further affects the competitive position of the western oilseed crusher in meeting both domestic and international demands.
- (c) Continuity and assurance of supply of rapeseed to both domestic and international markets. Provision of adequate freight capacity for rapeseed is an important element in assuring supplies for export.
- (d) The location of cleaning facilities for rapeseed and flaxseed principally at export terminals adding pressure on the transport and handling facilities, particularly in years of high export volumes of cereal crops and oilseeds.
- (e) Growth in oil and meal exports. With a strong export development orientation, additional storage facilities for oil and meal will need to be considered.
- (f) The instability of production and prices, both between and within years.
- (g) In the choice of marketing systems, the selection or development of the arrangement which best facilitates the growth and orderly marketing of rapeseed and possibly flaxseed as well, in co-ordination with the marketing of wheat and feed grains. Specific problems needing solution are assurance of supply for delivery on futures contracts, and a reduction in price spreads between spot and near futures prices, and between markets.

Forage Crops

Forage crops are not a final agricultural product but are the main inputs of cattle and sheep enterprises. A few farmers grow forage as a cash crop. The federal and provincial governments provide some community pastures. If the beef industry is to expand in Western Canada there is a need to develop an assured supply of forage.

In 1971, there were nearly six million acres of improved pasture, over six million acres of tame hay, and one and a half millions acres of other fodder crops grown in Western Canada. Also, there were 35 million acres of unimproved pasture and four and a half million acres of woodland, some of which, despite a low carrying capacity, is used for pasture.

PROSPECTS

Potential future increases in forage production can come from three sources: (a) Increased production from present land used for fodder production; (b) developing unused land resources, and (c) using land for forage production that is now being used for grain production. These improvements and shifts in land use are occurring in response to market prices. Before undertaking the necessary expenditures farmers need assurance that prices for livestock remain favourable.

There is a time lag between investment and initial returns of at least two years.

Fodder corn varieties suitable for production in parts of Western Canada have been and are being developed. Considerable impact on the beef industry could result.

There is a potential for utilization in beef cattle rations of more of the crop residues such as straw and screenings.

PROBLEMS

Over broad areas climate is not favourable for the establishment and production of grass crops. Drought frequently interferes with germination of forage seeds and the establishment of the crop, with consequent instability of production. As well, low return per acre, even in the better years, from forage crops in some parts of the prairies deters increases in acreage.

Improvement programs require two to four years before increased forage is available. Two to four years elapse before the feeder animal produced from the increased forage is marketed. Much of the unimproved land in the West outside the Peace River area consists of relatively small parcels that are uneconomical to develop for forage production.

Economic control of insects, diseases, weeds and brush in forage crops, and the lack of an established forage market make it difficult for farmers to justify major new investment in forage.

ISSUES

Maintenance of adequate fodder supplies for an expanding livestock industry. At present the economic problems of renovating pastures, the long-term nature of the investment and returns and the structural adjustments necessary on the ranches are hindering the full expansion of the pasture and fodder supply base in the West.

Other Crops

Other crops which Western Canada has produced in varying amounts are buckwheat, sugar beets, mustardseed, field peas, legume and grass seeds and some varieties of beans. Fluctuations in world grain markets resulting in wide variations in western farm income, declining markets for hard spring wheat, and increasing world requirements for protein, indicate the need to continue to diversify crop production in the West.

Sugar beet production in the prairies is significantly protected by freight costs of refined sugar to that region and from the federal Agricultural Stabilization Board support price. Some 75,000 acres are grown under contract by 1,200 growers.

PROSPECTS

Some crops now grown have potential for expansion of production and some new crops have potential for commercial production. In the first group are fodder corn, buckwheat, peas, and some varieties of beans—especially fababeans, grass, and clovers for seed. In the second group is a wide variety of herbs, oil crops and spices such as coriander, spearmint, basil, saffron, borage and horehound. Many of these crops would face specialty markets and in many cases the acreage required would be small. Their

potential value lies in crop diversification and the development of new sources of protein.

Sugar beet production will expand as the population of the region grows. Buckwheat is primarily an export crop and a greater share of the Japanese market may be captured if larger seeded varieties and continuous supplies were available. There is great potential for peas and beans as high protein feeds for livestock.

PROBLEMS

The development of other crop varieties suitable for growing conditions in Western Canada and the determination of market potential for such crops require substantially more research.

ISSUES

Co-ordination of information on production and market potentials for crops that are or may be suitable for production in Western Canada.

Fruits, Vegetables and Potatoes

The production of fruit and vegetables in Western Canada is characterized by many small businesses often in conjunction with non-farm employment or other farm enterprises, and a few medium-to-large businesses. A feature of production in British Columbia is the sale of product through road-side stands and other methods of on-farm sales.

Horticultural products are grown on some 150,000 acres in Western Canada. In 1971, fruit occupied about 44,000 acres, vegetables 31,000 acres, and potatoes 71,000 acres. Almost all of the fruit and more than half of the vegetables are grown in British Columbia. About 87 per cent of the potato acreage in Western Canada is in Alberta, Manitoba, and Saskatchewan, where farm production is on a relatively large scale.

In 1971, farm cash receipts from fruit in Western Canada were \$28 million, vegetables \$18 million, and potatoes \$22 million—a total of \$68 million. British Columbia produces about one-third of the value of fruit production in Canada.

PROSPECTS

Tree and small fruit production, with the exception of pears and apricots in British Columbia, is expected to increase. The area planted to tree fruits will decline but higher density plantings will offset the decrease. Potato production in Manitoba and Alberta is expected to increase as demand increases for processed potato products. Climate will continue to limit expansion of fruit production in the prairies. Opportunities exist for increased exports of fresh apples to the United States and the United Kingdom. There is also an increasing domestic demand for fresh apples in Western Canada, and as well, increasing opportunities exist in Pacific Rim countries as access to these markets becomes available. The demand for ornamental plants, mushroom and greenhouse products, is expected to increase. Prospects for vegetables and fruits for processing seem poor, with the exceptions of potatoes and grapes.

PROBLEMS

Notwithstanding British Columbia's moderate climate on the coast, Western Canada's agricultural producing areas are on the northern edge of North America's fruit and vegetable growing region in terms of climate, soil, and distance to large markets. Horticultural production throughout the West is restricted by a short growing season, great risk of crop losses and a short harvesting and marketing period.

Fluctuating prices, often not caused by domestic production, together with varying yields, result in considerable instability of income. Increasing import competition from regions of the world with an absolute production advantage leads to lower prices, especially with the development of modern transportation facilities for rapid movement of high quality products.

The delayed harvesting and marketing period precludes the possibility of Western Canadian producers benefiting from early marketings of fresh fruits and vegetables because consumers' demands are usually met by foreign products.

Labour problems have concerned growers and may result in small operations tailored to the labour supplied by the farm family. Horticultural production has highly seasonal labour requirements and seasonal labour is often difficult to obtain. As well, land cost is a major factor militating against fruit and vegetable production in British Columbia.

ISSUES

The long-run stability and viability of the industry, given the agronomic and economic constraints under which it operates.

Cattle and Beef

Western Canada, the centre of Canadian beef cow-calf operations and feeder cattle production, is rapidly expanding its facilities for the finishing and slaughtering of beef. Although there is considerable slaughtering of beef there, relatively little processing of beef is done anywhere in Canada.

In 1971, 82 per cent of the Canadian beef cow herd of 3.5 million was located in Western Canada with major concentration in Alberta. Western Canada in 1971 had 61 per cent of all cattle and calves on farms and ranches in Canada. Each year, between 350,000 to 500,000 head of feeder cattle move from Western Canada to Ontario feedlots. The beef industry is the largest single component of Canadian agriculture—in 1971 providing \$1 billion of farm cash income nationally and \$605 million of the total for Western Canada representing 26 per cent of total farm cash receipts.

The United States, the world's largest importer of beef, effectively sets the basic price levels for Canadian beef. Substantial quantities of live and dressed beef move relatively freely across the border depending upon the demand/supply situation. Thus, the United States remains an outlet when Canadian feeder or slaughter cattle exceed domestic requirements. The high level of dressed beef exports from Canada since 1970 has been accomplished in part by the substitution of frozen beef imported from Oceanic countries.

PROSPECTS

In 1970, Canada consumed about 1.8 billion pounds of beef, approximately 15 per cent more than in the mid 1960s. On a per capita basis consumption has increased from 84 pounds to 87 pounds and is expected to be 100 pounds by 1980. Increasing per capita consumption and population growth is expected to result in a domestic demand for beef of more than 2.6 billion pounds in 1980.

In the United States, Canada's main export market, per capita consumption of beef increased from 100 pounds in the mid 1960s to 115 pounds in 1972, and is estimated to be 140 pounds in 1980. Beef consumption in the United States was 23 billion pounds in 1970 and is expected to reach 31 billion pounds in 1980.

Western Canada, therefore, has a rapidly expanding domestic and export market for cattle and beef. The farm income generated by this sector should continue to expand to a major portion of farm cash receipts and provide an opportunity for the expansion of the meat-packing industry.

PROBLEMS

Factors constraining the growth of the industry are the availability of rangeland and its carrying capacity, forage, water, protein supplements and feed grains. Fluctuations in the farm price of beef discourage ranchers and farmers from making the necessary investments to expand the industry. In addition, high beef prices encourage farmers to sell heifers for slaughter rather than to breed them for herd replacement and growth.

ISSUES

- (a) Extension of the beef industry in Western Canada with variable fodder and water supply constraints and the long-term nature of investments required.
- (b) The lack of comprehensive daily information on market requirements and supplies available in both domestic and international markets.
- (c) The temporary suspension of tariffs on imports of beef, included in the 1973 federal budget.

Hogs and Pork

The hog industry of Western Canada provides hogs for the domestic market and for export to the United States and, more recently, Japan. In 1972, pork exports to Japan were valued at \$29 million and those to the United States were \$31 million. The number of hogs slaughtered varies yearly but there is an upward trend in production. The West now accounts for 48 per cent of the national hog slaughter compared with an average of 41 per cent during the 1960s. Farm cash receipts from hogs in Western Canada totalled \$256 million in 1972, nine per cent of the region's total farm cash receipts.

PROSPECTS

The demand for pork in Canada and throughout the world is expected to continue its upward trend. Per capita consumption is now more than 60 pounds compared with 51 pounds in the late 1960s. Pork consumption in the

United States, Japan and other countries is expected to increase steadily during the 1970s, providing a major opportunity for prairie hog producers.

There is an opportunity to expand pork processing in Western Canada for both domestic and export markets. Canadian hams are a quality product and have a world-wide market opportunity. The United States has increased pork imports annually since 1960, from 171 million pounds to nearly 400 million in 1972 of which nearly 80 per cent was canned pork, mostly from Western Europe.

PROBLEMS

Western Canada is subject to a greater degree of variation in production than Eastern Canada. The cyclical nature of hog production in Western Canada is in part caused by variability in feed supplies and prices and in turn creates instability in associated industries.

ISSUES

- (a) Lack of a centralized approach or a marketing system that facilitates forward contracting of pork exports from the West.
- (b) The absence of an integrated grain-livestock policy which assures the availability of feed grains to domestic livestock producers at prices competitive with U.S. corn on a regular basis.

Sheep

About half of Canada's sheep are raised in Western Canada. Since the early 1950s, Canada's mutton and lamb production has been decreasing, although consumption has been increasing. About 75 per cent of domestic consumption of mutton and lamb is imported. Substantial quantities of wool are also imported.

Sheep and lamb production is too small for many slaughtering plants to provide killing facilities. A similar situation exists with respect to wool cleaning, because it is difficult to ensure a plant sufficient volume for economic operation.

The sheep industry in Western Canada competes with beef cow-calf enterprises for grass.

PROSPECTS

The market outlook is bright because of a growing demand for mutton and lamb.

PROBLEMS

There is a shortage of skilled labour to care for breeding flocks.

ISSUES

Whether or not sheep production can compete successfully with beef production in Western Canada.

Dairy

Western Canada contributes about 22 per cent of Canada's milk supply. Milk production has been decreasing in all western provinces except British Columbia, and the four provinces constitute a deficiency area in the production of

manufactured dairy products. In 1971 farm income from dairy products in Western Canada was \$144 million.

In British Columbia, alternative land use pressures have increased land prices to a level making the production of milk for manufacturing uneconomical. Alberta, Saskatchewan, and Manitoba have the land resources for an expanded dairy industry. However, a short pasture season, unpredictable pasture conditions, fluctuating water and fodder supplies, and cold winters limit the expansion of the dairy industry there. Nonetheless, the western provinces wish to capture a greater share of their regional demand.

PROSPECTS

There is potential for increased dairy production in Western Canada but high costs will hinder this in British Columbia. Alberta has and could continue to supply a considerable portion of B.C.'s industrial milk needs.

There is an increasing demand for fluid milk, cream and fresh milk products such as cottage cheese, yogurt and ice cream. The market-sharing arrangements of the provincial boards and the Canadian Dairy Commission, now effective in the Prairie provinces, assist in production expansion of manufacturing milk. The United States is now likely to be a major importer of solids non-fat, a major reversal from the previous decade. However the bulk of Canadian exports to this market will still come from Eastern Canada.

PROBLEMS

There are a few modern diversified processing plants in areas where production might be increased.

The dairy industry faces a basic problem involving on the one hand opportunity costs for resources at the farm level and on the other hand the opportunity costs of alternative sources of supply.

ISSUES

The rate of growth in the dairy industry in Western Canada and the expansion of processing facilities.

Poultry and Eggs

Poultry production in Western Canada is largely based on regional requirements. There is little outward movement of poultry products except for eggs from Manitoba. Manitoba and Saskatchewan are usually short of turkey meat. The poultry industry has a strong feed grain base in the prairie provinces but not in British Columbia. In 1971, farm cash receipts from poultry and eggs in Western Canada were \$127 million.

A national egg marketing agency has been established which has allotted provincial production quotas for eggs based on production in each province during 1967-71. Negotiations are under way for similar marketing agencies for turkeys and broiler chicks.

PROSPECTS

Domestic requirements will continue to rise as population and incomes rise. Poultry meat and eggs should be

able to compete favourably for a share of the growing market for meat protein.

PROBLEMS

Western Canadian poultry producers are disadvantaged by a relatively small regional population and by the long distance to large market centres in Eastern Canada.

There is a shortage in domestic supply of high quality protein supplement for poultry feeds. In British Columbia, feed grains have to be obtained from outside the production area—from the Peace River or from the prairies.

Processing plants have difficulty obtaining sufficient skilled labour, particularly when heavy turkeys are killed.

ISSUES

- (a) Marketing of eggs and poultry meat as they are affected by marketing boards.
- (b) The development of export markets for turkeys and turkey products to reduce seasonality in production.
- (c) The availability of feed grain supplies in British Columbia.

PART V

Farm Production Inputs and Agricultural Credit

PROBLEMS AND PROSPECTS

Traditionally the farm sector has provided a relatively large part of its own production inputs in the form of labour, management and land resources supplied by the farm family. However, with technological change and the commercialization of agriculture, farmers are purchasing a large and rising proportion of their production inputs. In the West, the purchase of goods and services by farmers provides an important source of revenue and employment outside farming. In 1972, the value of purchased farm inputs in the West was about \$1 billion.

Land remains a major input in western agriculture because of the relatively extensive nature of farming characterizing most of the region. While there is some scope for further land clearance, increases in production will occur primarily through more intensive land use, land improvement investments and the increased use of fertilizers, herbicides and complementary capital inputs. In response to concerns about urban competition for agricultural land, rising farm land prices and related concerns about the structure of farming, some western provincial governments are initiating land use planning.

Farm employment decline in the western provinces has been confined mainly to farm family labour, and has been associated with a reduction in the number of smaller farm businesses and with the agriculture mechanization. Farm wage rates have increased about as rapidly as wage rates in other industries, but remain relatively low. Farm labour shortages in months of high labour requirements and of some specific farm skills have occurred in many parts of the prairies and British Columbia, particularly in the

labour-intensive enterprises, such as fruits and vegetables, sugar beets and dairy.

Heavy dependence on farm machinery in western grain production, and the critical importance of timing in the relatively short growing season make the availability of farm machinery and repair parts, and the related issues of prices, warranties and standardization of parts, of considerable significance to the western grain grower. In part, the problems are attributable to the difficulties of providing adequate farm machinery distribution and servicing systems. The recent Royal Commission on Farm Machinery recommended the establishment of a national farm machinery testing and evaluation agency, more research into parts standardization, and the rationalization of dealer networks.

Fuel and lubricants have only recently presented significant problems. However, the recent fuel price increases and the current prospects of much higher fuel prices have caused some alarm. Farmers are particularly vulnerable to increases in the costs of petroleum fuels, the main energy source in farm production. Energy price increases also affect farm input costs through higher prices for fertilizers, herbicides and pesticides, which together with fuels and lubricants form the bulk of purchased inputs in western agriculture.

In general, the prices of most purchased inputs increase in relation to inflationary pressures outside agriculture whereas farm product prices fluctuate in response to supply-demand conditions in international markets for agricultural products. Historically, farm product prices have increased much less rapidly than input prices. The growing dependence of farming on purchased inputs makes farm production increasingly vulnerable to inflation.

Rapid growth of capital requirements is a major aspect of the growing size and specialization of farm businesses. Total credit extended to agriculture has increased more than 150 per cent over the past decade, with short- and intermediate-term credit growing even more rapidly than mortgage credit. During this period, the rising volume of credit and higher interest rates have resulted in interest charges in the west rising from eight per cent of total farm operating expenses to almost 15 per cent. The bulk of the mortgage credit is supplied by the federal Farm Credit Corporation. The commercial banks are the major source of production credit, including both loans provided with federal or provincial government under-writing and other bank credit programs. Loans extended by input suppliers also are an important source of production credit. With the diversity of institutions active in the agricultural credit field, and the associated variation in interest rates and loan conditions, integration of agricultural lending programs in the West is needed.

Another major agricultural credit issue concerns farm business investment financing in the context of the family farm structure, especially for new entrants. Traditionally farmers have aspired to finance the capital investment in their farm businesses out of their own saving and attain a "debt-free" farm. The difficulties of attaining complete equity financing in the face of the large and expanding

capital requirements for viable farm businesses, add to the need to review agricultural credit programs.

ISSUES

- (a) The need to provide greater stability for agricultural investment, to assist in the development of viable farm units, and to improve land allocation between agricultural and non-agricultural uses in the longer term.
- (b) The problems of providing an adequate distribution system for inputs, services, and machinery at reasonable cost to farm operators.
- (c) The need to search for ways of assisting young farmers to assemble viable farms in the face of rise capital requirements.

PART VI

Summary and Central Issues

CURRENT POSITION

Western Canadian agriculture, based on grain and livestock production, has traditionally been oriented toward the highly competitive international market. Transportation, handling and storage are important for both sales and purchases and improvements are needed. Farm production, marketing institutions, transportation and government policies have evolved as a closely inter-related system.

Output growth has been relatively rapid but unstable due to export demand shifts, weather-induced yield variations, and fluctuating product prices. The resultant uncertainty for farming investment and expansion, and in processing, transportation and ancillary activities has been a major constraint on agricultural and western growth.

PROSPECTS

There are some excellent prospects for Western Canadian agriculture and industries based upon it. Projections of effective world demand for grains and meats indicate a growing market for these commodities in which the west specializes. The sector has a potential to produce much more food. Heavy reliance on export markets will continue but with a wider product mix. In addition there will be a wider variety of crops, a greater emphasis on livestock and a larger emphasis on the processing of the products in Western Canada. Wheat production is expected to remain steady. Even so, cereal and oilseed crops will remain the major source of income from direct sales (as grains and

as protein foods) and as major inputs for the livestock industry.

To achieve existing opportunities, continuous and regular expansion in agricultural output is needed in those commodities having the best potential, i.e. feed grains, oilseeds, other protein crops and livestock. On this expansion can be built some increase in processing, transportation improvements including freight rate adjustments, farm service industries and improved rural structure and living conditions.

PROBLEMS

Under present economic and technological conditions, the land base is fixed and therefore expansion and growth of both crops and livestock sectors must come through more intensive use of present resources. For crops this means higher yields, more intensive crops where possible, more intensive use of crop land and a lower proportion of summerfallow. For livestock this means improved breeding and feeding methods, more grain feeding and the improvement and extension of pasture. Much is already known with extension services bringing this to farmers. The research programs federally, provincially, in universities and private concerns already under way will provide more knowledge, better varieties, equipment and systems for farmers.

The areas of concern for agricultural development are the complementary themes of production and market expansion and the increased stability needed to provide confidence to expand. The practical application of technological advances in production needs further investigation. Knowledge of the market needs and opportunities is available but the strategies to achieve and hold markets and the continuous information to farmers and farm organizations to generate production expansion need more extensive federal activity.

The uncertainty in production, prices and markets and in farm income has limited the confidence and the natural and traditionally expansionary approach of western farmers. Increases in market stability, prices and income will provide the confidence to intensify production, adopt the latest technology, invest in improved equipment, use more fertilizer, renovate and improve pastures. Greater stability permits improvements in farm family living, steadier income flows. The incentive to increase production provided by greater stability works against the continually rising costs of food and helps farmers cope with the rising costs of purchased inputs by spreading them over a larger output.

CAPITAL FINANCING AND REGIONAL FINANCIAL INSTITUTIONS

Jointly submitted by

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INTRODUCTION

The Western Provinces are encouraged by the presence on the agenda of this Conference on Western Economic Opportunities, of the subject "Capital Financing and Regional Financial Institutions". Our discussions thus far have been on the stimulation and broadening of the economic and industrial base of Western Canada. To achieve these objectives there is a need for "regionally-based financial institutions better able to serve the financing needs of business enterprise and industrial development in Western Canada," for the "extension and improvement of the Industrial Development Bank," and "amendments to the Export Development Act". These references from the Throne Speech opening the 1st Session of the 29th Parliament of Canada indicate the importance attached to this Conference

and these subject by the Government of Canada. In this the several Governments of the Western Provinces concur.

In this submission the Western Provinces delineate their views on the adequacy of the Canadian banking system today to meet the needs of all regions of Canada and offer recommendations concerning the chartered banks, the Industrial Development Bank and the Export Development Corporation.

SUMMARY OF RECOMMENDATIONS

Chartered Banks

It is the position of the Western Provinces that new regionally-based banking facilities are required for the business and industrial development of the West. The

Western Provinces concur that to facilitate the creation of new regionally-based banks in the West, the federal government be urged to amend the "Bank Act" so as to:

- (1) allow provincial governments to own voting equity in chartered banks, and
- (2) exempt provincial governments from the legislative restriction which limits ownership by any individual shareholder to ten percent of the total outstanding share capital of any one bank.

These amendments would facilitate the creation of new banking institutions which would promote competition within the banking industry, improve the quality of banking services, and generally stimulate the economic development of Western Canada.

The Industrial Development Bank

The Western Provinces find the Industrial Development Bank deficient in several respects. To increase the effectiveness of the Bank as a vehicle for stimulating economic development in the western provinces in particular and the rest of Canada in general, the Western Provinces recommend that the Industrial Development Bank:

- (1) provide substantially greater assistance than in the past to higher-risk ventures;
- (2) explore the possibility of taking equity positions in existing firms and of establishing new companies based on joint private and public ownership; and
- (3) broaden the types of services which it offers to small business.

The Export Development Corporation

A review of the Export Development Corporation and its export development programs has revealed that relatively few of the Corporation's activities have been focused in Western Canada. The Western Provinces recommend that:

- (1) the Export Credits Insurance be reviewed to determine whether the terms are onerous and/or unattractive to Western manufacturers;
- (2) the \$1,000,000 minimum sale required to obtain export financing be reduced on the grounds that it is too restrictive to smaller manufacturers, who constitute a large part of Western Canada's manufacturing base;
- (3) lines of credit to foreign governments be extended to additional countries; and
- (4) the export financing program be used as a means of encouraging the industrial expansion of developing regions such as Western Canada.

CHARTERED BANKS

The progress of development in Canada has been an east to west movement. But the pattern of settlement and development has been influenced by economic, financial and tax policies of the federal government, which early assisted the concentration of the nation's business and industrial activity in Central Canada. These policies which

have led to this concentration of financial and industrial resources and of population have worked against the allocation of financial and production resources to bring balance to the economies of all regions of Canada. The Western Provinces wish to extend their frontiers and broaden and diversify their industrial base in order to increase job opportunities for their citizens today and in the future. Essential to this undertaking is an adequate availability of financial resources at competitive rates through institutions which are responsive to the particular needs of the Western Provinces. The branch banking system, characterized by the five major Canadian chartered banks with branches coast-to-coast and head offices in Central Canada, has not been adequately responsive to Western needs.

The chartered banking industry plays a crucial role in Canada's economic development. By mobilizing savings and allocating them among alternative users, it exerts a strong influence on the structure of the economy, the degree of industrial efficiency, the extent of domestic control of enterprise and the rate of economic expansion of the various regions and provinces in Canada.

The availability of bank and other forms of finance are of considerable importance to the industrial development of Western Canada. The relative importance of external finance, however, varies between different regions, industries and individual firms in the Western Provinces. Although important to the West generally, it appears to be even more critical to developing areas and centres in the rural and northern regions. External debt financing is of particular significance to small and medium-sized enterprises because these enterprises generally have relatively small profit margins and retained earnings; they do not have access to the financial resources of parent or affiliated firms and, if closely held, are unable to raise finances through the issue of share capital to the public.

The banking industry has not served the economic needs of Western Canada effectively. At present the banking industry is comprised of ten federally-chartered banks, with all the characteristics of a tightly-controlled oligopoly. It is dominated by five banks, which own collectively over 91 per cent of the industry's total assets (see Table 1). The banks sell an essentially undifferentiated product—banking services—and the barriers to entering the banking industry, in the form of initial capitalization and problems of securing appropriate financial contacts and consumer loyalty, appear formidable. Price competition in banking, as in most oligopolies, is severely limited. As the Royal Commission on Banking and Finance has observed:

"At present, there is a strictly limited amount of price competition among banks in their lending business. Banks may differ in their view of whether a particular customer merits prime rate or not, but their rates are subject to agreed minimum levels. Price competition has been further restricted in periods of credit restraint by agreements among the banks to the effect that no bank will take over an account from another by offering a better rate or a larger line of credit."

* *Report of the Royal Commission on Banking and Finance*, page 127.

Recent events have vividly illustrated the ability of the banking system to set prices and control profits in its own interest. In June 1972, the "Winnipeg Agreement" was concluded, in which the banks agreed to limit interest paid on large deposits of up to one year. In June 1973, these rates were raised, with the maximum rate increased by one-half of one per cent to 7 per cent, the fourth such adjustment in concert by the banks, after all the banks had raised their prime lending rates.

It is indeed interesting that the federal government, through the Minister of Finance, has sanctioned this agreement—an agreement which, in any other industry, would be illegal. Only a few years ago, it was argued by economists and bankers alike that the ceiling on bank lending rates encouraged inefficiency and reduced potential competition in financial markets. The federal government apparently accepted this view, and the ceiling was removed in the latest revision of the Bank Act. It is ironic that the removal of the ceiling on lending rates should be followed, within the space of a few years, by the institution of a ceiling on borrowing rates. The user of financial services can hardly be seen as the unambiguous beneficiary of either arrangement.

It is also interesting that prime lending rates are being raised in a period of enormous profitability in the banking industry. Even after providing generous additions to loss reserves, net profits of the ten chartered banks reached \$232,000,000 in 1972, an increase of 23 per cent over the previous year (see Table 1). Also, there were transfers from "accumulated appropriations for losses" to "undivided profits" of \$99,500,000 representing excess amounts set aside in prior years for losses and an understatement of net profits in prior years. Net operating revenues were even higher and exceeded \$669,000,000. These increases are not peculiar to a single year. Between 1967 and 1971, bank profits increased by over 72 per cent (see Table 2). These large profits are clearly related to the near-monopoly position of the banking system. They cannot be justified as a return from innovation or technological advance, since banking hardly compares to most manufacturing activities in terms of technological complexity. Nor are they a return for risk-taking. The last bank failure in Canada occurred in 1923, when the Home Bank was forced to close. Since then, the activities of the Inspector General of Banks, the institution of Deposit Insurance, and the ultimate support of the Bank of Canada have all served to render chartered banking in Canada a virtually riskless activity. Certainly the level of profits of the major banks indicates there is not as great a degree of competition in the industry as is desirable in the public interest.

In most business sectors high profits invite competition and, over time, the consumer benefits. In a monopolistic industry the government is often the arbiter for the consumer. However, in the banking industry competition is not only restricted through federal government endorsement of bank mergers—three were authorized between 1955 and 1961*—but also the competitive advantages enjoyed by the long-established banks present a substantial

obstacle for any new banking venture. The oligopolistic position of the Canadian chartered banks results in higher interest rates than are justified, a more conservative lending attitude, and less flexibility in their lending policy. Neither the federal government nor the Bank of Canada has directed the chartered banks to reduce their profits to a more acceptable level. Certainly the banks have not adjusted their lending rates or service charges to compensate for these profits. In fact, between January 1st, 1969 and the present (June 18, 1973) for example, the spread between the Bank of Canada rate and the chartered bank prime rate has increased from $\frac{1}{4}$ to 1 percentage point to $1\frac{1}{2}$ percentage points (see Table 3).

The chartered banks present two-tier prime rate structure, which provides a small-business loan rate about $\frac{1}{2}$ of a percentage point below the main prime rate, illusory from the standpoint of the small, higher-risk business venture. The loan criteria often preclude such a business from obtaining bank financial assistance at this preferred rate.

In Canada the tendency is for banks to quickly follow one another in setting the prime rate. It is only since the recent establishment of the Bank of British Columbia and the Unity Bank that this policy has altered and then only by these new banks.

In addition to agreed rates on deposits and the fixed prime rate, Canadian banks have, in effect, a common schedule on the minimum rates charged on most types of loans, have "no raiding" pacts and impose uniform service charges.

Notwithstanding their high level of profits, banks appear to be very conservative investors, being relatively unsympathetic to small-scale and risky ventures. In the federal government's report, *"Foreign Direct Investment in Canada"* it is observed that the banks, life insurance companies and pension funds devote only a minuscule part of their resources to backing unseasoned and riskier firms.* While the banking industry does not document the amount of financial assistance supplied to small, medium and large-scale business, it is a reasonable inference that the preponderance of small loans, that is loans of under \$100,000 are allocated to small businesses. Over the past decade loans of under \$100,000 have comprised a lesser and declining proportion of total bank loans to business (see Table 4). Between 1962 and 1972 the proportion of bank loans outstanding to business in the under \$100,000 category has declined from 32.8 per cent to 17.9 per cent, while loans exceeding \$1,000,000 have increased from 35.2 per cent to 57.5 per cent of the total. This reducing commitment to loans of up to \$100,000 no doubt has had the effect of inhibiting the industrial expansion of provinces such as the Western Provinces in which small firms are of very considerable importance. Even in loans between \$100,000 and \$1,000,00, the proportion of the total has declined from 32.0 per cent to 24.6 per cent.

The disproportionate increase over the last 10 years of bank loans in excess of \$1,000,000 suggests that the distribution of the banking system's loanable funds has been

* Toronto-Dominion in 1955; Imperial and Barclays in 1956; Commerce-Imperial in 1961.

* *Foreign Direct Investment in Canada*, Government of Canada, 1972, page 101.

directed to Central Canada. At present, nine of the ten Canadian chartered banks have either their head or executive offices in Toronto or Montreal. Major policy decisions are made in these centres and regional and local managers are allowed little discretionary power in allocating financial resources, although it is believed this is slowly changing. The high concentration of business and industry in Southern Ontario and Southern Quebec has attracted the disproportionate amount of investment funds, and particularly so in view of its proximity to the bank head offices; for, with everything else being equal the allocation of financial resources will be to the business the bank is more intimately aware of. Even within other regions, the banks most likely seek the business which provides the highest net return, i.e., the long-established, least-risk business located primarily in the major business centres, which disadvantages the rural and northern areas. The chartered banks' stimulation of development of Central Canada appears to have been done at the expense of the other regions of Canada. By mobilizing Western Canada savings and transferring them to Central Canada, the banks, in effect, have reduced the development potential of the West. The major portion of capital employed in the banking system represents balances owing to depositors rather than equity funds invested by shareholders. This is all the more reason investments should be made in regions in which deposits originate.

To overcome the investment inequities created by the banking industry, a provincial government, ideally, should be allowed to purchase equity in an existing chartered bank or be permitted by itself, or in conjunction with others (e.g. credit unions and co-operatives) to establish new federally-incorporated chartered banks.* Western-based banks, in which there was a degree of public participation, would be more sympathetic to the needs of residents of the West than the major chartered banks. In particular, they could provide a substantially greater amount of financial capital than in the past to rural and northern communities and would facilitate an expansion of the productive capacities of the western provinces' economies. They would infuse effective competition into the banking industry in the securing of deposits and the making of loans and by extending considerably greater assistance to small-scale and risky ventures. Increased competition for business would induce the established chartered banks to improve the quality of services provided to residents of Western Canada.

The primary obstacle to provincial government participation in the field of banking has been the federal government which has taken the position that the public sector should be prevented from owning voting equity in chartered banks. The Bank Act prohibits the federal and provincial governments and agents of both, from holding voting shares in the banks. Section 53(4) of the Act stipulates that:

"The bank shall not accept a subscription for a share of the capital stock of the bank,

- (a) by Her Majesty in right of Canada or in right of a province or an agent of Her Majesty in either such right or by the Government of a foreign state of any political subdivision thereof or an agent of the Government of a foreign state or any political subdivision thereof . . ."

The Act does permit provinces to secure ownership indirectly, through designated funds such as workmen's compensation or pension funds. Ownership, however, is limited to up to 10 per cent of the bank's total outstanding share capital and must be in the form of non-voting shares. Provincial governments, therefore, are prevented from exerting any influence upon the internal policies of chartered banks.

Public participation in commercial banking, if allowed in Canada, would not be a unique phenomenon to the western world. Several governments, including those of Austria, Italy, and France own and control a number of major commercial banks. However, four main arguments have been presented against provincial government ownership in the Canadian banking industry.

First, there is the juridical argument. Section 91 of the British North America Act grants the Parliament of Canada exclusive legislative authority over the field of money and banking in matters of:

- currency and coinage
- banking, incorporation of banks, and the issue of paper money
- savings banks
- bills of exchange and promissory notes
- interest
- legal tender
- bankruptcy and insolvency.

It has been contended that provincial ownership of banks might give rise to conflict between the federal and provincial governments concerning legislative authority in the field of money and banking. The Honourable Walter Gordon, while serving as Minister of Finance, stated:

"Even a limited ownership of shares of a bank by another government, whether it be a foreign government or provincial government, could place such a government in a special position of power or influence in relation to that bank. Such a situation might lead to differences of opinion between this government and another government, as to who exercises authority in regard to that bank."**

This argument has no substance whatsoever. The Western Provinces acknowledge and support the federal government's exclusive legislative authority over banking. Whether a bank is owned by private individuals, by a provincial government or by the private and public sector

* *Revised Statutes of Canada 1970*, Chapter B-1.

** Honourable W. L. Gordon, *House of Commons Debates*, February 16, 1955, page 11, 363.

* Regionally based associations of credit unions or cooperatives should also be allowed to establish a bank under federal charter.

jointly, there is no doubt it must abide by the legislative provisions of the Bank Act and control over that Act remains in the hands of Parliament. Nearly every facet of chartered banks' operations in Canada come under the scrutiny, direction or control of the Governor-in-Council, the Minister of Finance, the Bank of Canada or the Inspector General of Banks. The ultimate federal government control is the limited ten-year life of each bank's charter, with renewal tied to the decennial revision of the Bank Act.

A second closely related argument is that a provincially-owned bank, through its credit and lending activities, may reduce the effectiveness of national monetary policy. This argument rests on a misunderstanding of the mechanism of monetary policy. The Central Bank's ability to carry out open market operations, control the Bank Rate, manage the cash reserve, and vary the secondary reserve ratio all ensure that monetary policy cannot be thwarted, regardless of the intentions of a single bank or even of the banking system as a whole.

The Western Provinces cannot see how the federal government, by allowing provincial government investment in chartered banks, would be delegating any powers over banking to the province making the investment. Surely the bank with such investment would have no different powers than those enjoyed by all other banks. One may ask what powers at present granted chartered banks does the federal government deem to be dangerous in the hands of a provincial government and, if so lethal, why are these powers allowed others? Admittedly, a provincial government touches more lives than a single corporate or individual shareholder but the penalty for a provincial government exercising undue pressure would be determined regularly at the polls. Besides, the chartered banks presently exert influences in the conduct of their business through such devices as the "no raiding" pact and a minimum cash balance requirement for business loans.

The Western Provinces suggest that federal monetary policy, when restrictive, has a greater adverse impact on the West than on Central Canada. In a tight money situation the first to lose access to important bank debt financing, so necessary for their operations and expansions, are the small businesses, which are of such significance in the West.

In the context of Canadian monetary policy, it is acknowledged that international monetary considerations impose their influence upon such domestic policy. However, there is little in the submissions in this brief which would prejudice the balance the Bank of Canada desires to achieve and still provide the climate which would foster the development of local small business in the West. We are discussing a relatively small part of overall banking business.

Another argument is the responsiveness of a provincial bank to the moral suasion of the Bank of Canada. The fact this is required at all suggests something is faulty with the present banking system. Moral suasion, after all, is used to influence the composition of bank portfolios, such as urging banks to favour certain types of activities and borrowers in preference to others. The content of moral suasion is a reflection of the priorities of the Gov-

ernor of the Bank of Canada, and, through him, the federal government.

Surely, the use of moral suasion is tantamount to an admission the banking system does not always operate in a socially-desirable way. More specifically, the investment decisions of the banks do not necessarily reflect social priorities. This discrepancy between private decisions and social priorities is perhaps even more glaring in the West. But the Governments of the Western Provinces cannot rely on moral suasion to overcome this discrepancy because, unlike the Bank of Canada, the Western Provinces have no clout with which to back it up. It is this discrepancy that leads us to support the establishment of public involvement in banking in Western Canada.

Finally, some concern has been expressed that the distribution of individual investments and loans by a public provincial bank would be influenced by political considerations. The Western Provinces agree that personal and political favouritism should play no part in the loan or investment policies of any commercial bank. In part this position derives from the practical consideration that, to succeed, any bank whether privately or publicly owned, must base its operations on sound business principles. Among other things, this means the stability, productivity and profitability of individual ventures must be major considerations involved in distributing investment and loan capital. However, the Governments of the Western Provinces believe banks should also take into account the prospective impact of business ventures upon the social and economic development of various regions and communities and suggest the most effective way of ensuring adherence to these goals is through government investment. Such investment would also allow the citizens of a province to participate in the rewards from banking.

It was previously noted that the 5 major chartered banks control over 91 per cent of Canadian bank assets aggregating almost \$61,000,000,000 at October 31, 1972. Their shareholders' equity alone totals \$1,778,000,000 (see Table 1). To secure even a 10 per cent equity position in any of these banks would require a minimum investment of \$48,000,000 and as much as \$115,000,000 at current market prices (see Table 5). To be a competitive force in the field of such giants requires financial resources in excess of what a regional bank can generate outside of Central Canada. This has been demonstrated by the Bank of British Columbia which substantially reduced the authorized capital stock of the Bank when British Columbia government investment was disallowed by the federal government. Without this support, investor confidence in the ability of the Bank to profitably compete in the industry was clouded and of the total 1,000,000 shares offered barely one-half, with a par value of \$5,105,550, was taken up. If a regional bank is to be an effective force in its principal region of operation, larger financial resources than this are required. Citizen and business participation both as investor and depositor must be encouraged and this most surely can be achieved through larger investor support which is most ably given by a provincial government. Even with this support the sheer size of the major banks will preserve their dominant position in the industry.

Recommendations

The arguments supporting the creation of new banking facilities in Western Canada, are compelling. To allow provinces to participate in the field of banking the Bank Act must be amended, particularly Sections 52-57, inclusive, to allow provincial governments to purchase unrestricted voting equity in chartered banks. These amendments would facilitate the creation of new banking facilities, the establishment of which would promote competition within the banking industry, improve the quality of banking services and generally stimulate the industrial development of Western Canada.

THE INDUSTRIAL DEVELOPMENT BANK

As previously stated, small and medium-sized business is of crucial importance to the economy of Western Canada. Firms earning less than \$100,000 of taxable income per annum comprise over 80 per cent of total corporations to both Western and Central Canada. However, these relatively small firms in Western Canada contribute a larger proportion of total taxable income than do similar firms in Central Canada. Small-scale enterprise is closely linked to the quality of life enjoyed by all communities, no less so for communities in the rural and northern areas. In addition to producing output and income, small business provides employment opportunities to residents of many communities. Its development, therefore, is critical as a means of assuring individuals may live and enjoy a high quality of life in the communities of their choice.

Recognizing this, the Western Provinces believe the stimulation of growth and expansion of small enterprises must be a major priority of all levels of government.

The Industrial Development Bank is a major federal agency which provides assistance to small business. Established in 1944 its primary function has been to provide "capital assistance to industry with particular consideration to the financing problems of small enterprises". In general, the financial assistance offered by the Bank takes the form of medium-term loans, with an average term of from ten to twelve years, and loan guarantees. Prior to 1961, financial aid was offered only to firms in the manufacturing sector, but an amendment to the "Industrial Development Bank Act" has empowered the Bank to offer assistance to enterprises in virtually all sectors of the economy.

To qualify for financial assistance, a person or persons must satisfy three conditions:

- "(a) a person is engaged or about to engage in an industrial enterprise in Canada,
- (b) credit or other financial resources would not otherwise be available on reasonable terms and conditions, and
- (c) the amount invested or to be invested in the industrial enterprise of persons other than the Bank and

the character of that investment are such as to afford the Bank reasonable protection."*

Most loans distributed by the Industrial Development Bank are relatively small. Approximately half the loans made by the Bank are for amounts of \$25,000 or less, and about 80 per cent are for amounts of \$50,000 or less. The average size of loan in the fiscal year 1972 was \$45,000.**

While the Bank has assisted the development of many small-scale enterprises, its contribution to development has been limited for a number of reasons. First, both the Royal Commission on Banking and Finance and the Gray Report noted that the Industrial Development Bank's lending policies have tended to be too conservative.*** The fact that the Bank's loan-loss ratio has been only approximately 0.5 per cent of annual disbursements suggests the Bank has not invested in many high-risk ventures. Moreover, it appears to have what the Porter Commission has termed an "inordinate appetite for tangible security". In the past many imaginative and innovative individuals have been denied aid simply because they do not possess sufficient collateral. One could argue, of course, that if they did possess this collateral they would not require loan assistance in the first place.

Industrial Development Bank assistance to small business has also been severely limited because of its reluctance to enter into joint ventures with privately-owned firms. The Bank's reluctance to do so is difficult to understand, in part because the "Industrial Development Bank Act" authorizes its taking equity positions in companies. Section 16(1)(e) of the Act states that, in respect to any corporation, the Bank may

"purchase or otherwise acquire

- (i) with a view to the resale thereof, the whole or any part of any issue of stock, bonds or debentures of the corporation from the corporation or a shareholder thereof or from any person with whom the Bank has entered into an underwriting agreement in respect of the said issue . . . "****

The distribution of loans among the provinces indicates the Bank's activities do have significant regional implications (see Table 6). Over the period from the inception of the Bank's loan program to the end of the latest fiscal year, the principal beneficiaries of assistance have been, with the exception of British Columbia, the heavily industrialized provinces. The Prairie Provinces have secured a relatively small amount of loan capital. Alberta, Saskatch-

* *Revised Statutes of Canada 1970*, Chapter 1-9, Section 16(1)(a) (b)(c).

** *Annual Report 1972*, Industrial Development Bank.

*** *Report of the Royal Commission on Banking and Finance*, page 228, *Foreign Direct Investment in Canada* (Gray Report) expressed concern regarding the I.D.B.'s aversion to risk taking by stating, "one area in which IDB activity has apparently been comparatively small is the financing of potentially profitable but relatively high-risk new manufacturing ventures. Examples would be ventures in the manufacturing and marketing of new and relatively untried products, particularly where growth in demand for the product is stimulated by its availability." Page 358.

**** *Revised Statutes of Canada*, Chapter 1-9.

cwan and Manitoba have obtained, collectively, only 17.2 per cent of the value of loans,* and the Atlantic Provinces have acquired only 6.6 per cent. In contrast, the highly industrialized provinces of Ontario and Quebec have secured 54.1 per cent of the value of loans. These data indicate that the Industrial Development Bank's allocation of loans have contributed to the centralization of industrial activity in Canada and are supportive of the Western Provinces' demand for a greater share of industrialization.

Recommendations

The federal Government's proposal to improve the performance of the Industrial Development Bank appears to be a step in the right direction. As argued, the performance of the Bank has been deficient in several respects. Several recommendations are offered to increase the effectiveness of the Bank as a vehicle for stimulating economic development in the western provinces and other parts of Canada.

First, it is recommended the Bank provide substantially greater assistance than in the past to high-risk ventures. Instead of restricting assistance solely to enterprises which possess a substantial amount of collateral, the Bank should also assist those businesses which may not have an abundance of collateral but which present sound business proposals.

Second, the Bank ought to explore the possibility of taking equity positions in existing firms and of establishing new companies based on joint private and public ownership.** This would help to fill the gap for venture capital which currently exists in Canada.

Third, it is recommended the Bank broaden the types of services which it offers to small business.*** It should desist from relying almost exclusively on the provision of loan capital and should provide other services, such as consultative services to management, technical assistance, assistance in securing contracts for firms' output, etc. As the Royal Commission on Banking and Finance has observed:

"The aim of government institutions should not be to get the maximum number of loans on their books.

* In recent years the proportion of loans acquired by firms in the Prairie Provinces has declined slightly. The value of loans distributed to the Prairie Provinces as a percentage of the national total in the past four years has been as follows: 1969—16.4 per cent; 1970—14.8 per cent; 1971—16.8 per cent; 1972—12.0 per cent.

** This proposal is similar to the one presented in the report on *Foreign Direct Investment in Canada* which stated: "Consideration could also be given to the advisability of having the IDB play a more active role in filling the gap for venture capital (perhaps up to a maximum of around \$1 million) by an amendment to the IDB Act or directive to its management. This would imply an aggressive attitude by the IDB in seeking out certain kinds of investments. Such an approach need not prejudice its other lending activities." Page 359.

*** The Bank has established an Advisory Services Department "to help promote good management practices in small Canadian businesses." Hitherto however, the provision of these types of services to small business has comprised a relatively insignificant part of the Bank's total operations.

Rather, it should be to ensure that businesses which can be competitive and profitable have access on a reasonable basis both to a variety of sources of funds and to guidance in planning their financial affairs."*

Finally, the Industrial Development Bank should provide a substantially greater amount of financial assistance to such regions as the Prairie Provinces and the Atlantic Provinces. In so doing, it would bring about a more equitable participation by all regions of Canada in industrial activities.

EXPORT DEVELOPMENT CORPORATION

The Export Development Corporation (EDC) is a Canadian crown corporation established to facilitate and develop export trade through the provision of insurance, guarantees, loans and other financial arrangements. The EDC, insures Canadian firms against non-payment when Canadian goods and services are sold abroad; makes loans to foreign buyers of Canadian capital equipment and technical services; guarantees financial institutions against loss when they are involved in an export transaction, by financing either the Canadian supplier or the foreign buyer; and insures Canadians against loss of their investments abroad.

Export Credits Insurance

The EDC offers insurance to Canadian exporters against non-payment, when they grant credit to foreign buyers. There are approximately 1,000 EDC insurance policies in effect in Canada. About 100 of these are for grain sales made by the Canadian Wheat Board. For regular exporters of manufactured goods, there are only 18 policies in force in Alberta, 18 in Manitoba and eight in Saskatchewan.

The relatively small number of policies in the Western Provinces may be attributable to a number of factors: a) the number of western Canadian manufacturers actively involved in the export trade is small in comparison to those in Central Canada, b) provincial insurance coverage is currently provided to some exporters and c) some manufacturers prefer to take the risk rather than incurring the cost of an insurance policy.

To assure that western Canadian manufacturers receive equitable assistance, it is recommended that the federal government review the terms and conditions of EDC policies to determine whether they are onerous or unattractive.

With regard to the agricultural sector, the Western Provinces propose that the federal government through the EDC co-ordinate its activities more closely with provincial marketing thrusts and provide export credit insurance for all agricultural products, not simply grain sales of the Canadian Wheat Board.

* Report of the Royal Commission on Banking and Finance, p. 231.

Export Finance

The EDC makes long term loans directly to foreign borrowers or guarantees private loans to such borrowers, to finance Canadian exports of capital equipment and services. To qualify for assistance, an export transaction must be of a type and for an amount (minimum value of \$1,000,000) which justifies extended credit terms—that is, beyond five years. EDC financing is provided on commercial terms at internationally competitive interest rates to permit foreign borrowers to pay cash to Canadian exporters.

The Corporation's loans and loan guarantees have assisted companies in Canada to export a variety of capital goods and services, such as the following: pulp mill equipment, railway hopper cars, telecommunications equipment and services, ocean-going container vessels and tankers, electrical transmission and distribution equipment, railway locomotives, telephone equipment and related services, steam generators, electrification equipment and power transformers.

While the EDC states that it supports transactions which "provide employment and industrial benefits for Canada", it appears to have little concern with stimulating regional development. The number of export agreements secured by individual regions is directly related to the capacity of the region to produce electrical and transportation equipment, machinery, mining equipment, and other types of capital equipment. Since industry is heavily concentrated in Central Canada, this region has been the principal beneficiary of the EDC's export financing programs. Other areas, such as Western Canada, have obtained little assistance. In 1972, for instance, of 28 agreements made by the Corporation, only 3 were made in respect of firms in Western Canada.

The EDC, moreover, has provided a large proportion of assistance to non-resident controlled enterprises. To illustrate, in 1972 the Corporation supplied loans and loan guarantees to foreign borrowers, valued at \$246,760,360, to purchase capital equipment from those Canadian producers which were identified in its 1972 Annual Report*.

* In 1972, the total value of EDC agreements, that is those made to foreign borrowers to purchase goods and services from all Canadian producers, (the aggregate of those which were and those which were not identified in the 1972 Annual Report) was \$283,260,360.

Of this total approximately \$137,000,000 were made in respect of firms which are foreign controlled*.

Recommendations

The Western Provinces concur that the EDC has been unsympathetic to needs of Western Canada. To assure that the Corporation makes an effective contribution to the development of the West, the following recommendations are presented.

First, the minimum export requirement should be altered. As noted, in order to qualify for long-term finance, a firm must make an export sale valued at \$1,000,000 or more. Since most producers (capital equipment producers or others) in Western Canada are relatively small, this requirement effectively precludes them from assistance. In future, it is proposed that the minimum export requirement should be reduced substantially—to perhaps \$100,000.

In this regard, it is recognized that the EDC in recent years has undertaken a program to assist buyers whose purchases are normally too small to qualify for long term financing. Specifically, funds are made available to the central banks of selected countries (e.g. Mexico, Iran and Israel), for relending to importers of Canadian capital goods and services. The federal government should consider extending lines of credit to additional countries. In so doing, it may assist small and medium-sized manufacturers.

Secondly, it is recommended that the export agreements be used as a means of stimulating regional development. In particular, the agreements could be used to influence the locational preferences of manufacturing firms. Priority ought to be given to foreign borrowers who purchase capital equipment from firms located (or locating) in developing regions like the Atlantic and Western Provinces. As observed, the preponderance of assistance has heretofore been allocated to Central Canada.

Finally, the Western Provinces concur that the EDC's export finance programs should be used wherever possible, as a means of stimulating the development of Canadian controlled industry.

* In 1972, General Motors of Canada (Diesel Division) itself, obtained assistance amounting to circa \$42,000,000.

TABLE 1
CANADIAN CHARTERED BANKS FINANCIAL DATA
(\$000)

	Issued Capital Stock	Rest Account	Undivided Profits	Total Share- holders' Equity	Total Assets	Net Operating Revenue Year Ended Oct. 31, 1972	Net Profit Fiscal Year Ended Oct. 31		% Increase 1972 Over 1971	Transfer from Accumulated Appropriation For Losses To Rest Account, Fiscal Year Ended Oct. 31, 1972
							1971	1972		
as at October 31, 1972										
Bank of British Columbia	5,106	7,900	41	13,047	244,176	805	201	305	51.7	—
Canadian Imperial Bank of Commerce.....	69,680	380,000	9,548	459,228	13,300,811	155,231	40,937	49,231	20.3	10,000
Mercantile Bank.....	15,000	4,674	322	19,996	390,004	4,703	1,785	2,458	37.7	—
Bank of Montreal.....	68,344	296,000	135	364,479	11,323,389	118,657	38,366	53,157	38.6	25,000
Bank of Nova Scotia.....	33,750	255,000	1,564	290,314	8,541,820	107,374	28,300	33,474	18.3	23,000
Royal Bank.....	66,528	371,000	4,781	442,309	14,767,516	165,499	44,052	51,399	16.7	15,000
Toronto-Dominion Bank	30,000	190,000	1,611	221,611	7,547,703	78,389	23,342	28,589	22.5	15,000
Provincial Bank.....	10,400	35,000	621	46,021	1,828,591	16,476	4,428	5,586	26.2	3,500
Bank Canadian National..	14,000	76,000	115	90,115	2,686,570	22,453	7,096	8,216	15.8	8,000
Total.....	312,807	1,615,574	18,738	1,947,119	60,630,580	669,587	188,507	232,415	23.3	99,500
Total of 5 Major Banks..	268,302	1,492,000	17,639	1,777,941	55,481,239	625,150	174,997	215,850	23.3	88,000
% of Total.....	85.8	92.4	94.1	91.3	91.5	93.4	92.8	92.9		88.4

SOURCE: Annual reports of Canadian Chartered Banks, fiscal year ended October 31, 1972.

TABLE 2
CANADIAN CHARTERED BANKS' BALANCE OF PROFITS.
FISCAL YEARS ENDED OCTOBER 31, 1967 AND 1971
(\$000)

	Fiscal Year Ended October 31		% Increase 1971 Over 1967
	1967	1971	
Bank of British Columbia.....		201	—
Canadian Imperial Bank of Commerce.....	26,575	40,937	54.0
Mercantile Bank.....	—432	1,785	—
Bank of Montreal.....	20,720	38,366	85.2
Bank of Nova Scotia.....	12,910	28,300	119.2
Royal Bank.....	30,279	44,052	45.5
Toronto-Dominion Bank.....	12,285	23,342	90.0
Provincial Bank of Canada.....	2,385	4,428	85.7
Bank Canadian National.....	4,636	7,096	53.1
Total.....	109,358	188,507	72.4

SOURCE: Annual reports of Canadian Chartered Banks, fiscal years ended October 31, 1967 and 1971.

TABLE 3
BANK RATE AND CHARTERED BANK PRIME RATES, 1969 TO JUNE 18, 1973

	Bank Rate	Prime Rate	Bank Rate and Prime Rate Differential	Average Rate on New Demand Loans (1)
1969: Jan. 1 (in effect).....	6.50	6.75	.25	7.15
Jan. 20.....		7.00	.50	(Nov. 27/68)
Feb. 26.....				7.35
Mar. 3.....	7.00		—	
Mar. 24.....		7.50	.50	
May 28.....				7.78
June 11.....	7.50		—	
June 16.....		8.00	.50	
July 1.....		8.50	1.00	
July 16.....	8.00		.50	
Aug. 27.....				8.79
Nov. 26.....				8.78
1970: Feb. 25.....				8.85
May 12.....	7.50		1.00	
May 27.....				8.83
June 1.....	7.00		1.50	
July 1.....		8.00	1.00	
Aug. 26.....				8.44
Sept. 1.....	6.50		1.50	
Nov. 1.....		7.50	1.00	
Nov. 12.....	6.00		1.50	
Nov. 25.....				7.97
1971: Jan. 8.....		7.00	1.00	
Feb. 15.....	5.75		1.25	
Feb. 24.....	5.25	6.50	1.25	7.42
May 26.....				6.87
Aug. 25.....				6.94
Oct. 20.....		6.25	1.00	
Oct. 25.....	4.75		1.50	
Oct. 26.....		6.00	1.25	
Nov. 24.....				6.46
1972: Feb. 23.....				6.38
May 31.....				6.28
Aug. 30.....				6.39
Nov. 29.....				6.54
1973: Feb. 28.....				6.56
Apr. 9.....	5.25		.75	
Apr. 10.....		6.50	1.25	
May 14.....	5.75	6.75	1.00	
May 16.....		7.00	1.25	
May 28.....		7.25	1.50	
June 11.....	6.25	7.75	1.50	

¹At reporting date

SOURCE: Bank of Canada to February 26, 1973.

TABLE 4
DISTRIBUTION OF CHARTERED BANK LOANS OUTSTANDING TO BUSINESS
BY SIZE OF LOAN

Year	Value of Loans of Under \$100,000 (\$millions)	% of Total Outstanding Business Loans	Value of Loans of \$100,000 to \$1,000,000 (\$millions)	% of Total Outstanding Business Loans	Value of Loans Over \$1,000,000 (\$millions)	% of Total Outstanding Business Loans
1962.....	1,326	32.8	1,292	32.0	1,421	35.2
1963.....	1,374	31.6	1,393	32.0	1,586	36.4
1964.....	1,465	29.7	1,574	31.9	1,890	38.3
1965.....	1,572	27.2	1,788	31.0	2,412	41.8
1966.....	1,495	24.2	1,804	29.2	2,871	46.5
1967.....	1,533	22.1	1,814	26.2	3,581	51.7
1968.....	1,666	22.0	1,959	25.8	3,963	52.2
1969.....	1,744	20.2	2,192	25.3	4,718	54.5
1970.....	1,877	21.1	2,293	25.8	4,729	53.1
1971.....	2,159	19.5	2,676	24.2	6,232	56.3
1972.....	2,412	17.9	3,307	24.6	7,742	57.5

SOURCE: Bank of Canada Review, April, 1973, Table 10.

TABLE 5
COST OF 10 PERCENT EQUITY POSITION IN FIVE
MAJOR CANADIAN CHARTERED BANKS

	Issued Capital Stock at Oct. 31, 1972 (No. of shares)	Closing Share Price June 8, 1973 (2)	Cost of 10% Equity Position
Canadian Imperial Bank of Commerce.....	34,840,000	\$29.87	\$104,067,080
Bank of Montreal.....	34,171,875	18.25	62,363,663
Bank of Nova Scotia.....	16,875,000	32.25	54,421,875
Royal Bank.....	33,264,000	34.50	114,760,800
Toronto-Dominion.....	15,000,000	32.12	48,180,000

SOURCE: (1) Annual reports of Canadian Chartered Banks, fiscal year ended October 31, 1972.

(2) Financial Post, June 16, 1973, pages 16 and 17.

TABLE 6
PROVINCIAL DISTRIBUTION OF
INDUSTRIAL DEVELOPMENT BANK LOANS
TOTAL AUTHORIZATIONS NOVEMBER 1, 1944 TO SEPTEMBER 30, 1972

	Number of Businesses	% of Total	Value of Loans (\$000)	% of Total
Newfoundland.....	556	2.0	24,464	1.3
Prince Edward Island.....	174	.6	12,352	.7
Nova Scotia.....	807	2.8	41,018	2.2
New Brunswick.....	839	3.0	44,493	2.4
Quebec.....	5,238	18.4	443,468	23.9
Ontario.....	8,738	30.7	562,123	30.2
Manitoba.....	1,370	4.8	86,051	4.6
Saskatchewan.....	1,209	4.3	61,598	3.3
Alberta.....	3,045	10.7	172,494	9.3
British Columbia.....	6,236	21.9	391,006	21.0
Yukon.....	140	.5	10,318	.6
North West Territories.....	90	.3	9,450	.5
Total.....	28,442	100.0	1,858,835	100.0

SOURCE: Annual Report 1972. Industrial Development Bank.

CAPITAL FINANCING AND FINANCIAL INSTITUTIONS

This background paper has been prepared by the Government of Canada for the Conference on Western Economic Opportunities, Calgary, July 24-26, 1973. This analysis provides a basis for discussion of issues with the western provinces at the conference and for substantive proposals which will be presented at that time.

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INTRODUCTION

This paper examines the operations of financial institutions in the Canadian capital markets with special reference to the capital financing requirements of business in Western Canada. As a framework for discussion the paper analyses the role of financial institutions and the question of economic efficiency as it applies to national capital markets and regional financial needs. The paper also discusses, to the extent that the data permit, the financial system in Western Canada. Finally, the paper looks at a number of concerns often expressed about the financial system's operations both in the West and in other parts of Canada as well. The paper concludes that while the system as a whole is working well, there are possible areas for improvement. The federal government presents this paper as a background to what might be done to achieve these improvements.

PART I

1. The Role of Financial Institutions

Canada and each of its major regions has an immense stake in a strong and efficient financial system. Enormous amounts of capital are generated by the savers in our economy. The wise investment of these savings is necessary to achieve Canada's prime economic and social goals. In a modern economy such as ours, savers and investors are not necessarily the same individuals. The economic units responsible for the most significant portion of capital formation in Canada—the non-financial business sector—invest in real assets amounts far in excess of their total savings. On the other hand, individual persons are a large source of net savings which seek investment in other sectors.

To our financial institutions and our capital markets we entrust, in large part, the task of bringing savers and borrowers together. In this intermediary role the financial institutions enjoy several advantages over individual savers and borrowers because of their size, operating economies, and their ability to commit large sums of money for long periods of time relative to the nature of their liabilities. They can usually borrow funds at lower cost than individuals, and because they are able to diversify risk they can earn higher rates of return for a given level of risk.

Financial intermediaries are established under conditions set by federal and provincial governments and these governments also supervise their operations, in part because the assets of millions of individuals are involved and in part because flows of credit and investment are the lifeblood of a modern economy.

Not surprisingly, the interaction of profit-oriented firms and the government regulation inherent in our financial system raises difficulty policy questions. For example, the policy maker must balance the requirements of healthy competition in the financial sector against adequate safety, stability and solvency of the financial institutions.

Imperfections in a financial system such as the failure to respond to changing economic circumstances, uncompetitive institutional practices, oligopolistic pricing policies and excessively constraining government regulation will stand in the way of optimal performance. The fewer the frictions, the more efficiently the markets will function and the quicker they will respond to changing economic conditions. The cost of such frictions is in terms of misallocated resources, increased costs of credit and an unresponsive system. The key to their removal is lively competition in the services and prices available to savers, in the forms and costs of funds available to borrowers, and in the other services available to the public. Competition may be restricted, not because of a conspiracy in constraint of trade, but because public regulation designed to protect the safety and liquidity of the institutions can produce results which inhibit competition. Consequently, emphasis should be placed on ensuring that regulations will minimize restraints on competition while at the same time providing for solvency and liquidity.

What are the characteristics of Canada's financial system in the current economic and policy environment? How does the system measure up in its performance?

It is significant, first, that the system is predominantly owned and controlled by Canadians, characteristics rooted deeply in our history. The system is well-developed by any standard, and some of its components—notably banks, insurance companies and money market dealers—compete aggressively and successfully in world markets. What is more, it is an innovative system with a record of change and improvement in response to Canada's growth and development.

Active competition with United States institutions is both a sign of—and one reason for—the high degree of development of the system. The amount of financial intermediation has increased at about the same rate in each country in recent years, and, as shown in Table I, there is a remarkable similarity in the relative importance of the components of the two financial systems.

A one-year snapshot of this kind is, of course, misleading. Each group of companies is changing—in relative size and importance, as well as in role. Chartered banks held 75 per cent of all intermediary assets at Confederation and 29 per cent in 1968—matching a trend in the U.S. In the last several years the share of the market held by the Quebec savings banks, life insurance and mortgage companies has been reduced, the share of pension funds and, until recently, mutual funds increased. Among banks or finance companies or investment companies, individual firms may gain or lose rank in terms of their size, prosperity and influence. Moreover, the number of firms in each group has grown or diminished as a result of forces within the group and in response to outside influences.

Another perspective on the system's performance is the kind of services it offers its customers. The Canadian depositor may choose among a variety of institutions—banks, trust and loan companies, credit unions and caisses populaires—and among a variety of deposit instruments to suit his needs. The individual or corporate borrower has a similar variety of types and terms of loans before him,

TABLE 1
RELATIVE SIZE OF FINANCIAL INTERMEDIARIES
OF CANADA AND THE UNITED STATES
1968

Financial Intermediary	Canada	United States
	%	%
1. Bank of Canada—federal reserve....	4.6	5.1
2. Chartered banks—commercial banks	28.9	31.6
3. Trust and mortgage loan companies and credit unions—Mutual savings bank and savings and loan associations and credit unions.....	12.2	15.9
4. Finance companies (including personal loan companies).....	4.9	3.4
5. Investment companies (includes both open- and closed-end funds)....	4.3	3.6
6. Life insurance companies.....	13.6	12.3
7. Private trustee pension funds.....	8.9	7.1
Sub-total.....	77.4	79.0
	22.6	21.0
Total.....	100.0	100.0

SOURCE: E. P. Neufeld, "The Relative Efficiency of the Canadian Capital Market. The consequences for Canadian-United States Financial Relations" 1971.

geared to specific requirements. While some financial services have remained the exclusive preserve of a particular type of intermediary many barriers between institutions have disappeared as a result both of business enterprise and federal or provincial legislation. Today our banks are a significant force in mortgage lending, trust companies make short-term unsecured loans and purchase commercial and finance paper, and finance companies are in the business of term financing, factoring and leasing. Mutual fund salesmen are selling life insurance. One trust company has introduced an open-end mortgage-based mutual fund. Chartered banks have sponsored large real estate investment trusts. One bank recently commenced activities as a registrar and transfer agent. Life insurance companies now offer equity-based insurance policies.

Investment dealers play a significant role in the Canadian capital markets by bringing buyers and sellers of securities into the market, by matching and executing their orders, and by providing related financial services and advice. Dealers also contribute significantly by trading for their own account and by adjusting the level of their inventories to meet the needs of their customers. If these markets are functioning well, borrowers and lenders will be brought together at minimum cost. Changing investor preferences as well as shifts in the demand for funds will be quickly and accurately reflected in prices and yields. Broad, deep, sensitive and adaptable markets thus play an important role in allocating the nation's real resources and in determining the efficiency with which they are used.

They are essential instruments, both for reducing the cost and increasing the availability of funds in general and for channelling funds to developing industries in particular.

Perhaps the most important function of the investment dealer is underwriting—raising funds for corporate or governmental purposes by bringing new issues of stocks and bonds to market. Because a large portion of the cost of floating a new issue is fixed, offerings of less than \$1.5 million are generally uneconomic. This also appears to be about the minimum amount necessary for the creation of a market in the stock and is consequently the minimum requirement for listing on major stock exchanges.

In the early 1960s studies were undertaken to measure the relative efficiency of Canadian underwriters by comparing their underwriting spreads, or charges, with those of United States underwriters. These studies found that in general Canadian spreads were wider and for new issues of corporate bonds, significantly wider than those in the United States. These spreads represent the most significant cost to the issuer of securities. The report of the Royal Commission on Banking and Finance noted that other underwriting expenses, such as registration expenses, legal fees, trustee fees and printing costs, were at least twice as high in the United States.

More recently a new fresh appraisal of underwriting spreads charged by dealers has been undertaken by the Bank of Canada. This study indicates that the difference between spreads charged in Canada and the United States has narrowed considerably. Indeed, for provincial bond issues the difference in spreads is now negligible. For common shares of companies selling securities to the public for the first time, Canadian underwriting spreads are generally lower than those in the United States. The general downward shift in underwriting costs in Canada in recent years represents an increasing relative efficiency of the Canadian market.

One major reason why the cost of underwriting corporate bond issues remains higher in Canada is that relatively more bonds are sold to individuals rather than institutions. This "retail market" is a more costly market to service. A study of a number of Canadian public issues of corporate bonds in 1971 revealed that the proportion of issues sold to major financial institutions varied from a negligible amount to as much as 60 per cent. Of the twenty-one issues studied, 50 per cent or more of 14 issues was marketed outside the major institutions, and 75 per cent or more of seven issues was marketed outside the major institutions. This retailing capacity in Canada has enabled Canadian underwriters to bring relatively large issues to the Canadian market. While the United States is about 10 times the size of Canada in population and 11 times in gross national product, these same proportions bear no relevance in the capital market. For example, in the period from January, 1970, to July, 1972, more than 70 provincial and corporate securities issues were sold in Canada, all in amounts of \$40 million or more and 10 of which were above \$75 million. In the same period in the United States there were only five issues in excess of \$200 million. One of those, an American Telephone and Telegraph Company \$1,569.5 million issue, was not underwritten but was

sold by subscription. Nonetheless, the servicing of the retail market is becoming high cost and some concern might be expressed about the ability of the securities industry to service it in the future.

2. Economic Efficiency—National Capital Markets and Regional Financial Needs

Two kinds of Efficiency

In appraising the performance of capital market institutions there are two criteria to keep in mind. The first of these can be called operational efficiency, that is ensuring that these institutions perform their functions at minimum cost. We wish to ensure that their expenditures are as low as possible in achieving a given level of results. This action of efficiency also requires that profits are high enough to attract capital in sufficient volume to permit the institutions as a group to expand at the same rate as the economy. If we achieve operational efficiency we will end up with optimum-sized financial institutions with strong competition between them, resulting in the most efficient—i.e., least-cost—structure for the capital markets. Operationally efficient institutions must be responsive to changes in technology which would reduce costs, improve services, or both. This implies in turn that there should be an opportunity for the entry of new firms, both local and national.

In some circumstances we may deliberately choose not to strive for the highest possible level of operational efficiency in the capital markets. In instances where there are large economies of scale, the most efficient structure might reduce the number of competitors to the point where monopolistic elements might drain off the potential gains in operational efficiency. In other instances we might wish to restrict entry on the grounds of ensuring the safety and liquidity of the institutions in the capital markets.

The second type of economic efficiency, allocational efficiency, is concerned with the way in which the capital markets distribute the limited supply of savings which they accumulate. Allocational efficiency requires that, when adjusted for risk, funds are channeled to those borrowers whose use of the funds yields the highest returns. Borrowers in all parts of the country should be able to obtain funds at the same cost, other things being equal. Whether a borrower lives in Vancouver, Moose Jaw, Toronto or Halifax funds should be available to him on the same terms.

Economic efficiency demands that the nation's savings be allocated to their most productive uses. Financial institutions that operate nationally accumulate savings in all regions and reallocate funds among the regions on the basis of most productive use, assuming the absence of major market imperfections such as regional barriers, legal restrictions on investments, inadequate competition and insufficient knowledge. Thus, savers obtain a higher rate of return than otherwise and borrowers obtain their funds at a lower cost. What stands out is that capital markets which are reasonably economically efficient will be national in scope.

Canada has been successful in establishing a truly national capital market. This market operates relatively free of artificial barriers. It does, therefore, in fact provide services at basically the same cost in all parts of the country. This is not to say that our financial institutions have always been equally sensitive to investment opportunities throughout Canada. But in recent years, steps have been taken by many of these institutions to decentralize in order to strengthen their regional operations.

The Branch System

An important part of the process of allocating funds in Canada is undertaken through the branch systems of our major financial institutions. These institutions have been able to collect surplus savings in local areas and move them to meet demands for savings elsewhere in the same region or in other parts of Canada. The branch system provides great mobility of funds from surplus to deficit areas for the betterment of both borrowers and savers. A striking example of the obvious advantages of such a system can be seen by the development in recent years of the credit union movement in the West. Originally these institutions were entirely local in their operations. As they have grown in size and sophistication, however, they have come together with the assistance of their centrals to form organizations that increasingly resemble branch banking systems and that invest surplus funds or liquid funds across Canada.

The branch system has developed historically to meet certain particular Canadian characteristics. Our population is relatively thinly scattered across a vast country, and the various regions of the country with diverse patterns of economic activity have somewhat different seasonal financial needs. The branch system represents a response to this situation and has reached out in an attempt to service even quite small population centres.

The historical development of the branch system would also seem to suggest that financial institutions have realized important economies of scale of operation by developing national systems of branch offices. Presumably there are some cost advantages over the unit banking system of the United States, for example. As against that, it is possible that the oligopolistic nature of our banking institutions has led to a relatively costly system per dollar of assets. The available data however has not enabled us to examine the balance of cost advantage or disadvantage.

It is clear that the major financial institutions in Canada perform such a wide range of functions that attainment of maximum proficiency in each function may require a comparatively large operation. Many tasks require high degrees of technical proficiency that can be gained only by extensive training and narrow specialization as in the management of money market operations. There is more risk in conducting operations on a small scale. But we are not able to say in absolute terms how big is "big enough" and how small is "too small". The merger of major banks during the mid 1950s and early 1960s led to a significant increase in the average size of Canadian banks. On the other hand, the Bank of British Columbia since its establishment in 1967 has been successful although its

branch operation is restricted at the moment to British Columbia.

Purely local or regional financial institutions may well have certain advantages over national companies. They will have a particular stake in the community and may consequently have an intimate knowledge of local market conditions and local entrepreneurs. The entrepreneur and the financier will live in the same community and their economic objectives are likely to be interdependent. Furthermore, all business decisions will be taken in the locality. On the other hand, this close link between the banker and the local entrepreneur might impair the objectivity of the banker, inducing him to undertake unsound or relatively unattractive business to the detriment of his shareholders, depositors, and the country as a whole.

Of course, local or regional institutions could have access to the national capital markets through a correspondent system with larger national institutions. The unit banking system in the United States has developed such a system. A comprehensive study on banking structure and performance in the United States published in 1967, however, argued that U.S. branch banks were more successful in transferring loanable funds than the correspondent system. To quote the study:

"It thus appears that credit flows within the correspondent system are of very small dimensions. A majority of small unit banks had no participation arrangements with correspondents in 1963, very few had lines of credit, and only a handful had sold assets or borrowed from their correspondents during the year. Among the larger unit banks the proportion with such arrangements was larger but only participations were of quantitative importance. Since there is no reason to believe that the need for such arrangements would be less pronounced among smaller than among larger banks—if anything the reverse is more likely the case—there evidently are frictions within the correspondent system that impede the free flow of funds to and from the smaller unit banks."⁶

The study goes on to point out that "the available evidence thus suggests that interbank deposit flows through the correspondent system tend to channel loanable funds away from rather than toward areas of greatest credit demand; and that interbank credit flows, impeded by institutional frictions within the system, fail to redress the balance."

The very success of some of the financial institutions in Canada with head offices outside Toronto and Montreal has, as noted earlier, influenced the pace of decentralization in some of our large national institutions. Regional managers have been upgraded and given greater autonomy. Local and regional loan approval limits have been boosted to shorten the time between the loan application and its approval and to give local judgments more weight in the approval decision. One bank has recently announced its intention to establish regional boards, a practice that is common among trust companies.

* Jack M. Guttentag and Edward S. Herman, "Banking Structure and Performance," New York University Graduate School of Business Administration, Institute of Finance, Bulletin No. 41/43, February, 1967.

This discussion is not meant to suggest that Canada has the best of all possible worlds with respect to its capital markets and the branch system of its major financial institutions. Nor does it mean that our financial institutions have never been sluggish in developing innovative methods of meeting the public's financial needs. What is clear, however, is that the financial system has developed to meet the particular circumstances of the Canadian capital market, and that it is now operating in a highly competitive environment.

The value of the national capital market and indeed of the international market, has been fully recognized by the provinces in their own debt management programs. Except under very special circumstances, provincial governments normally expect in the first instance to sell their securities in the national capital market or the international market. They clearly do not restrict themselves in borrowing operations to sources of funds within their own boundaries. In the same way, when they have had excess short-term funds to invest, they have generally sought out the highest yielding market for these funds. For purposes of both borrowing and lending, they have had access to the broad Canadian market as a whole through the investment dealers and banks, equal to any other Canadian borrower or lender of comparable credit status.

PART II

1. The Financial System in the West

Information and data are incomplete on financial activity and financial flows on a province-by-province basis. It is therefore difficult to attempt an analysis of the efficiency of the financial system as it pertains to any particular province or region. For example, certain key bank data are not collected, such as statistics on the regional distribution of business loans under authorized lines of credit of \$100,000 or more. Even if collected, such information in itself would be of little help in analyzing flows of funds. The rate of growth of these loans in different areas would reflect mainly the relative strength of loan demand rather than indicating any relationship to regional supply. The chartered banks compete with other financial institutions and markets in the provision of funds. To the extent that these competing sources of funds are more highly concentrated in some provinces than in others, borrowers may rely more or less heavily on bank credit. There is no necessary relationship between the location of the branch at which a loan—say, to a national corporation—is granted and the area where the proceeds are spent. Similarly, data on loans by provincially incorporated trust companies—the largest of such institutions—are not available. Despite these gaps in information, it is possible from available data to obtain a general idea of the activity of institutions serving a region such as Western Canada, and the relative development in each province.

Do banks deal differently with credit applications in some areas of the country than elsewhere? Do they accept applications in slow-growth areas that they would turn down elsewhere? These are relevant questions, but the answers cannot be discovered by an outside analyst with-

out a detailed examination of a great many specific applications for loans in different areas of the country. This would go far beyond any past degree of scrutiny of private credit business and might be regarded as a violation of the confidential banker-client relationship.

The data available and discussed below do not indicate that any western province has suffered discrimination. On the contrary, Western Canada would appear to be receiving at least its share of financial resources and services in comparison with the rest of Canada. No other definitive conclusion is possible without more comprehensive data. There are, however, difficulties in collecting and interpreting more meaningful regional data. The main problem is that the funds obtained by borrowers are not necessarily used in the same region in which the credit was granted. Thus, for example, a loan granted to finance a potash development in Saskatchewan might not show up as a loan granted in Saskatchewan if the corporate headquarters of the firm was located say, in Toronto. Grain loans booked in Winnipeg, because the head office of the Canadian Wheat Board is located there, are made for grain grown in Alberta and Saskatchewan as well as Manitoba. It can be seen therefore, that even if more comprehensive data were available, its interpretation would be extremely difficult.

Assuming that the desired data were available and showed that the western provinces had net outflows of savings, this in and of itself would not necessarily be bad. As pointed out earlier in the paper there are economic efficiency considerations which would encourage funds to seek out the most productive use to the betterment of the entire nation; enabling savers to obtain a higher rate of return on their savings and borrowers to obtain their funds at lower costs than otherwise would be the case.

2. Chartered Banks

Chartered banks as a group are the single largest financial intermediary in the Canadian system, with Canadian

dollar assets of \$46 billion at the end of 1972 and some 6,500 branches in Canada. Table 2 provides some indication of the chartered bank branch network in Western Canada. The bank branches in each province as a percentage of the national total are compared to each province's percentage of total Canadian population and personal income. It appears that the four western provinces have a large percentage of chartered bank branches relative to other regions. At the same time it should be remembered that the Bank of British Columbia is the only chartered bank with a western-based head office, although regional autonomy continues to be developed by the other chartered banks.

TABLE 2
SELECTED COMPARISONS BY PERCENTAGE

	Population ¹ (July, 1972)	Personal Income ² (1971)	Bank Branches ³ (Nov. 1971)
Manitoba.....	4.5	4.3	4.8
Saskatchewan.....	4.2	3.5	5.4
Alberta.....	7.6	7.6	8.1
British Columbia.....	10.3	11.1	10.8
Total Western Canada....	26.6	26.5	29.1
Rest of Canada.....	73.4	73.5	70.9
Total.....	100.0	100.0	100.0

¹Statistics Canada.

²Statistics Canada.

³Bank Directory of Canada, December 1971.

Table 3 summarizes western provincial data of the chartered banks; made available through the Bank of Canada.

TABLE 3
CHARTERED BANKS' SELECTED ASSETS IN CANADIAN CURRENCY,
PERCENTAGE PER PROVINCE, DECEMBER 31, 1972¹

	Pers. Loans	Loans to Farmers	Bus. Loans less than 100,000	Loans to Prov. and Mun.	Prov. and Mun. Sec.	Mort- gages NHA	Other Res. Mort- gages	Totals
Manitoba.....	4.1	8.7	3.5	4.6	5.5	6.5	2.7	4.8
Saskatchewan.....	3.1	20.0	3.0	1.4	1.6	2.7	1.1	4.4
Alberta.....	8.9	26.7	7.9	5.8	7.5	15.2	6.7	11.0
British Columbia.....	14.1	4.8	16.2	4.6	5.7	12.9	33.5	13.4
Total Western Canada.....	30.2	60.2	30.6	16.4	20.3	37.3	44.0	33.6
Rest of Canada.....	69.8	29.8	69.4	83.6	79.7	62.7	56.0	66.4
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total (in millions of dollars).....	7,149	1,569	2,411	894	964	2,436	957	16,380

¹Bank of Canada Review, March 1973.

The data are incomplete in that the figures do not include business loans under authorized lines of credit of \$100,000 or more or chartered bank holdings of corporate securities. The \$100,000 figure is an arbitrary cutoff point, but it is consistent with the Bank of Canada's classification of business loans which divides them into loans of less than \$100,000; \$100,000 to \$1 million; \$1 million to \$5 million; and \$5 million or more. While loans below \$100,000 are almost certain to be used in the region where they are granted, as the size of the loan increases, as pointed out earlier, the probability of its being used for corporate purposes beyond the immediate region increases. Corporate securities are excluded, since the issuers of such securities are also likely to be large firms whose activities are not restricted to a single province. While care must be taken in interpreting the provincial distribution of char-

tered bank assets, and while time series would be necessary to identify seasonal and cyclical patterns, it is interesting to compare these figures with the population and personal income figures of the previous table. While there is a variance between provinces, the proportion of bank loans in each province exceeds its proportion of population and personal income.

3. Life Insurance Companies

Life insurance companies are the second largest group of financial intermediaries in Canada with assets of over \$17 billion at the end of 1972. They are incorporated either federally or provincially, with the largest companies generally being federally incorporated. The number of western-based companies and corresponding asset totals are shown in Table 4.

TABLE 4
ASSETS OF WESTERN-BASED LIFE INSURANCE COMPANIES

Head Office	Federal Companies ¹	Assets of Federal Companies	Provincial Companies ²	Assets of Provincial Companies
	#	\$	#	\$
Manitoba.....	4	1,788,934,445 ³	—	—
Saskatchewan.....	2	48,540,058	1	1,330,632
Alberta.....	2	6,608,736	3	3,300,000 ⁴
British Columbia.....	3	34,547,659	1	6,736,360

¹Federal figures relate to December 31, 1970 (Canadian companies).

²Provincial figures relate to December 31, 1971.

³The size of this figure is mainly due to Great-West Life whose assets exceed \$1.5 billion (1970).

⁴This figure refers to December 31, 1969, and to only two of the provincial companies.

On an asset basis the ratio of federally incorporated life companies with head offices in the West compared to total federally incorporated Canadian companies was \$1,879 million to \$15,963 million or 11.8 per cent in 1970. This figure is again somewhat misleading due to the dominance of Great-West Life.

At present the federal Department of Insurance publishes some provincial data for the industry on insurance premiums, annuities and mortgage loans on a province-by-province basis. These appear in Tables 5, 6 and 7 below. The insurance premiums and annuity considerations give more indication on a year-by-year basis of the flow of funds available for investment. The only data available on the assets of the life insurance companies on a province-by-province basis is the stock of mortgage loans outstanding. This is not to underestimate the importance of these mortgage loan figures because the mortgage loans outstanding of the life insurance companies equalled some 44 per cent of total life insurance company assets in 1970. The provincial Superintendents of Insurance do not pro-

vide relevant data in terms of the regional activity of the life insurance companies.

TABLE 5
INSURANCE PREMIUMS
1970

	\$000's	Percentage of Total
Manitoba.....	53,617	4.0
Saskatchewan.....	40,441	3.0
Alberta.....	89,524	6.6
British Columbia.....	122,581	9.1
Total Western Canada.....	306,163	22.7
Rest of Canada.....	1,042,694	77.3
Total.....	1,348,857	100.0

TABLE 6
ANNUITY CONSIDERATIONS
1970

	\$000's	Percentage of Total
Manitoba.....	26,733	6.4
Saskatchewan.....	10,781	2.6
Alberta.....	19,561	4.7
British Columbia.....	32,092	7.7
Total Western Canada.....	89,167	21.4
Rest of Canada.....	326,971	78.6
Total.....	416,138	100.0

The Canadian Life Insurance Association undertakes a biennial survey of life insurance investments by province. These are shown in Table 8 below.

TABLE 7
MORTGAGE LOANS OUTSTANDING
DECEMBER 31, 1970

	\$000's	Percentage of Total
Manitoba.....	221,639	3.4
Saskatchewan.....	95,072	1.5
Alberta.....	633,128	9.8
British Columbia.....	754,983	11.7
Total Western Canada.....	1,704,822	26.4
Rest of Canada.....	4,762,587	73.6
Total.....	6,467,409	100.0

Western Canada has 29.6 per cent of total Life Insurance Company assets in comparison with some 27 per cent of total Canadian population.

TABLE 8
PROVINCIAL DISTRIBUTION OF ASSETS, 1970

	British Columbia	Alberta	Saskatchewan	Manitoba
	(millions of dollars)			
Corporate securities.....	1,167	961	257	358
Mortgages and Real Estate.....	898	805	211	308
Own gov't and municipal bonds.....	486	250	139	260
Other.....	73	56	24	54
Total each province.....	2,624	2,072	631	980
Total Western Canada.....	6,307			
Total Canada.....	21,273			

4. Trust and Mortgage Loan Companies

A limited amount of provincial data is available on the trust and mortgage loan companies. At the end of 1972 total company and guaranteed funds of the trust companies in Canada totalled \$8,345 million. The corresponding figure for the mortgage loan companies is \$4,778 million. In terms of federally and provincially incorporated companies the number and asset figures are set out in Table 9.

It is apparent that head office activity in the West, by both federal and provincial companies, is extremely small. However, most of the trust companies have regional or local advisory boards and local managers do approve the vast majority of loans. Regional offices generally approve all loans up to \$1 million, with loans over this size requiring head office approval.

On a branch basis the West is served in line with its population relative to the rest of Canada. For federal trust and loan companies, 21 per cent of their respective branches are in the West. In terms of the total trust company industry, 28 per cent of trust company branches are situated in Western Canada.

5. Credit Unions

The credit union movement in Western Canada is quite strong and growing rapidly. Assets of local credit unions and caisses populaires in Canada at the end of 1972 totalled \$5,532 million. The latest Statistics Canada publication on credit unions gives a breakdown of provincial branches of credit unions, chartered banks and trust companies in 1970.

TABLE 9
ASSETS OF TRUST AND MORTGAGE LOAN COMPANIES
IN WESTERN CANADA

Head Office	Federal Companies	Assets of Federal ¹ Companies ³	Provincial Companies	Assets of Provincial Companies ^{2,3}
	#	\$	#	\$
Trust Companies				
Manitoba.....	2	33,926,000	6	32,000,000
Saskatchewan.....	1	39,031,855	2	800,000
Alberta.....	0	—	3	176,000,000
British Columbia.....	0	—	1	39,000,000
Loan Companies				
Manitoba.....	1	3,000,000	1	600,000
Saskatchewan.....	0	—	2	750,000
Alberta.....	0	—	0	—
British Columbia.....	1	1,300,000	1	1,200,000

¹December 31, 1970.²Figures vary from 1970 to 1972.³Guaranteed funds.

TABLE 10
CREDIT UNIONS, CHARTERED BANK BRANCHES AND TRUST COMPANY BRANCHES
BY PROVINCE

	Credit Unions		Chartered Banks		Trust Companies		Total	
	#	%	#	%	#	%	#	%
Manitoba.....	221	4.8	310	5.0	24	4.8	555	4.9
Saskatchewan.....	266	5.8	350	5.6	20	4.0	636	5.6
Alberta.....	253	5.5	521	8.4	44	8.9	818	7.2
British Columbia.....	232	5.0	684	11.0	53	10.7	969	8.6
Total Western Canada.....	972	21.1	1,865	30.0	141	28.4	2,978	26.3
Rest of Canada.....	3,623	78.9	4,335	70.0	355	71.6	8,313	73.7
Total.....	4,595	100.0	6,200	100.0	496	100.0	11,291	100.0

The following table indicates that the local credit union movement in both Saskatchewan and British Columbia consists of several large locals with assets exceeding \$5

million while Alberta is basically a rural credit union movement consisting of relatively small branches.

TABLE 11
LOCAL CREDIT UNIONS CLASSIFIED BY ASSET SIZE
1970

	100,000 or less	100,000 249,999	250,000 499,999	500,000 999,999	1,000,000 2,499,999	2,500,000 4,999,999	5,000,000 and over	Total
Manitoba.....	61	53	23	41	20	18	5	221
Saskatchewan.....	19	35	36	84	56	18	16	264
Alberta.....	107	49	32	27	27	10	1	253
British Columbia.....	51	40	35	27	31	21	20	225
Total Western Canada.....	238	177	126	179	134	67	42	963
Rest of Canada.....	810	618	511	430	426	213	128	3,136
Total.....	1,048	795	637	609	560	280	170	4,099

At present three centrals from the western provinces report to the federal Superintendent of Insurance:

ASSETS
July 31, 1972

—Co-operative Credit Society of Manitoba	\$ 39,144,249
—Saskatchewan Co-operative Credit Society Limited	\$164,563,569
—B.C. Central Credit Union	\$ 93,991,557

The Credit Union Federation of Alberta does not fall under the Co-operative Credit Association Act. Its asset size is slightly larger than that of Manitoba's central but considerably smaller than Saskatchewan or British Columbia. It is interesting to note that the centrals have investments spread throughout Canada.

The Statistics Canada publication also provides a breakdown of total assets per credit union member in each of the provinces.

TABLE 12
ASSETS PER CREDIT UNION MEMBER

	1968	1969	1970
	(dollars)		
Manitoba.....	884	917	977
Saskatchewan.....	1,280	1,269	1,273
Alberta.....	745	804	867
British Columbia.....	867	—	1,022
All Canada.....	799	817	882

The above table gives some indication of the development of credit unions, in terms of attracting business, particularly in Manitoba, Saskatchewan and British Columbia.

Balance sheet data for the year 1970 indicates the size of the local credit union movement in Western Canada.

	Total Assets December 31, 1972
Manitoba	\$182,888,000
Saskatchewan	\$406,839,000
Alberta	\$137,340,000
British Columbia	\$351,715,000

The assets of the centrals are in addition to these. While not revealed by the data, there has been a movement among the credit unions to make more and more business loans.

6. Alberta Treasury Branches

From 1967 to 1972 the Alberta Treasury Branches increased their deposit liabilities by almost 100 per cent from \$152 million to \$287 million. Loans increased by

about 50 per cent over the same period from \$97 million to \$147 million.

With 154 offices the Treasury Branches offer a wide range of services to all parts of the province. Of the \$147 million in loans last year some 54 per cent or \$79 million were in the commercial and industrial field, 14 per cent or \$22 million in agriculture and 14 per cent or \$21 million in municipal financing. These three sectors have traditionally formed the basis of Treasury Branch lending activity.

The total assets of the Alberta Treasury Branches, as of March 31, 1972, were \$304 million. This is substantially larger than the corresponding total for the Alberta credit union movement.

A better indication of the extent of Treasury Branch business is to compare total Treasury Branch loans with the aggregate of chartered bank personal loans, loans to farmers, business loans under \$100,000, loans to provinces and municipalities and residential mortgage loans. As of March 31, 1972, Treasury Branch loans were \$131 million compared to the chartered bank aggregate total in Alberta of \$1,414 million. On a percentage basis Treasury Branch loan business was 9.8 per cent that of the chartered bank business shown. It is acknowledged that this comparison does not account for a large portion of chartered bank loans, such as those in excess of \$100,000. However, it is assumed that individual Treasury Branch loans are of a relatively small amount so that the comparison is valid.

7. Investment Companies

Data on investment and finance companies on a provincial basis is limited. In this field, a major entity in the West is the Investors Group based in Winnipeg. Investor Group basically operates, through its subsidiaries, in the four major investment fields of mutual funds, pension funds, investment certificates and major equity investment. At the end of 1971 assets of the Investors Group totalled approximately \$500 million.

8. Finance Companies

In the finance company field Laurentide Financial Corporation Ltd. is based in Vancouver. The company and its subsidiaries are primarily engaged in the consumer sales, commercial-industrial and real estate financing and personal loan fields. At the end of 1971 Laurentide had assets totalling about \$300 million. Laurentide-Union Management Corporation Ltd. was formed in 1970 to integrate consumer finance and commercial-industrial activity. The Management Corporation has a strong British Columbia orientation as indicated by its branches.

In addition Laurentide has a real estate finance division with six offices throughout Canada; four of those are in the West at Winnipeg, Calgary, Edmonton, and Vancouver.

Laurentide also holds a 51 per cent share of the \$1 million initial paid up capital of North Continent Capital Ltd. This company was incorporated in British Columbia in 1971 to engage in a wide range of commercial and lease financing activities in Canada. This is the first large company in these fields to have its head office in Western Canada.

**Consumer Finance Division
1970**

Provinces	Branches	%
Newfoundland.....	1	—
Prince Edward Island.....	—	—
New Brunswick.....	1	—
Nova Scotia.....	9	5.0
Quebec.....	83	45.9
Ontario.....	38	21.0
Manitoba.....	2	1.1
Saskatchewan.....	2	1.1
Alberta.....	10	5.5
British Columbia.....	34	18.8
Other.....	1	—
Total.....	181	100.0

Commercial-Industrial Division

Provinces	Branches	%
Newfoundland.....	—	—
Prince Edward Island.....	—	—
New Brunswick.....	—	—
Nova Scotia.....	2	6.7
Quebec.....	5	16.7
Ontario.....	11	36.7
Manitoba.....	1	3.3
Saskatchewan.....	1	3.3
Alberta.....	4	13.3
British Columbia.....	6	20.0
Other.....	—	—
Total.....	30	100.0

9. Stock Exchanges

The Vancouver Stock Exchange has far outperformed the Toronto and Montreal stock exchanges over the past decade with respect to growth in the value of trading in listed issues. The value grew from \$125,692,534 in 1963 to \$784,102,576 in 1972, an increase during the decade of 523 per cent.

10. Canada Development Corporation—Ventures West Capital Ltd.

In January 1973 the Canada Development Corporation helped establish Ventures West Capital Ltd., a new organization with headquarters in Vancouver which will concentrate on servicing the venture capital requirements of Western and Northwestern Canada. Ventures West will probably lean more toward resource development although investments in secondary industries will not be overlooked. The initial CDC investment of \$2,050,000 represents 58.6 per cent of the \$3.5 million initial capitalization of Ventures West. Additional capital could be subscribed this year up to a maximum capitalization of \$5

million. The CDC could participate in such additional subscriptions but does not plan to hold more than 50 per cent of the increased capital. Other shareholders include the Bank of British Columbia, Hastings West Investment Ltd. of Vancouver and the three principals of Brown Farris and Jefferson Ltd. of Vancouver which manages the new venture capital firms. The chairman of the board of Ventures West is the president of the Bank of B.C.

11. Venture Capital

Ventures West is not the only venture capital firm operating in the West. One recent study identified 42 venture capital firms of which six have their headquarters in Western Canada. Another recent study identified 70 venture firms of which 19 have their headquarters in Western Canada. Venture capital firms do not restrict their operation to the city or region in which their head office is located. For example, one firm which was formed in 1962 in Montreal has offices in Vancouver and Toronto. Of 24 current investments, valued at over \$12 million, 21 are in Canada and of these 21, eight are located in Western Canada.

12. Federal Government Programs

The following tables compare the provincial distribution of some federal government programs which provide financial aid to small businessmen with three different measurements of the size of the four western provinces in the economy. With one exception all the series refer to the last five years, thus eliminating temporarily distortions in the provincial distribution and covering a complete business cycle. The five programs do not represent all of the federal government programs which provide help to small businessmen, but other programs will be studied in other conference papers. These programs fall under the authority of three different federal departments but share the characteristics that their overall volume and geographical distribution is determined by the forces of the market. There are no ceilings or quotas or pre-determined distribution for any of these programs. Some programs are under the direct control of the federal government and others only guarantee loans made by private lending institutions, i.e. columns 5, 6 and 7. Of course, Table 14 should not be interpreted as a measurement of the extent to which the demand for financial aid has been met or not in the western provinces since there are no available measurements of the demand. But these statistics do indicate the extent to which the programs are being used in western provinces compared to the rest of Canada.

As shown at the bottom of Table 14, 58.8 per cent of the resources of these programs have been devoted to the western provinces while, on average, these provinces represent only about 27 per cent of the economy. This relationship is true of each of the four provinces taken separately. Furthermore, the western provinces as a whole have received much more than their 27 per cent share of each of the programs, and in fact more than twice that proportion in every program except the Small Business loans where the total is 36 per cent. The few shortfalls may

be interpreted as a reflection of the more limited agricultural activity in British Columbia and limited fisheries activity in the prairies. On the other hand British Columbia receives almost twice as much IDB financing as indicated by its share of economic activity, about three times its proportion of Small Business loans and almost three quarters of all Fisheries Improvement loans. As could be

expected, the Prairie provinces receive the major portion of the farm program funds but they also get a large share of business loans, whether through the Industrial Development Bank or under the Small Business Loans Act. Because British Columbia receives so much of these latter two business program loans, the shortfall for the rest of Western Canada is hidden.

TABLE 13
PROVINCIAL DISTRIBUTION OF LOANS
SELECTED SERIES
Five Year Annual Average—1968 to 1972
(Calendar Years)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Total Popula- tion	Personal Income	Retail Sales	IDB	Small Business Loans	Farm Improve- ment Loans	Fisheries Improve- ment Loans	Farm Credit Corpora- tion	Total (4) to (8)
	(000)	(\$ Million)	(\$ Million)	(\$000)*	(\$000)	(\$000)	(\$000)	(\$000)	
Manitoba.....	983	2,957	1,185	6,491	750	12,587	3	15,839	35,670
Saskatchewan.....	940	2,771	1,074	4,633	905	36,996	16	42,763	85,318
Alberta.....	1,592	5,084	2,193	16,549	1,566	38,939	1	34,000	91,055
British Columbia.....	2,125	7,394	3,113	51,144	3,302	5,633	2,429	8,412	70,920
Western Provinces.....	5,640	18,206	7,565	78,822	6,523	94,155	2,449	101,014	282,963
Canada.....	21,280	67,899	27,189	179,321	18,159	122,770	3,350	157,376	480,976

*Fiscal years ending September 30.

N.B. Totals may not add due to rounding.

TABLE 14
PROVINCIAL DISTRIBUTION OF LOANS
SELECTED SERIES
Five Year Annual Average—1968 to 1972
(Calendar Years)
(As a percentage of Canada)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Total Popula- tion	Personal Income	Retail Sales	IDB*	Small Business Loans	Farm Improve- ment Loans	Fisheries Improve- ment Loans	Farm Credit Corpora- tion	Total (4) to (8)
Manitoba.....	4.6	4.4	4.4	3.6	4.1	10.3	0.1	10.1	7.4
Saskatchewan.....	4.4	4.1	4.0	2.6	5.0	30.1	0.5	27.2	17.7
Alberta.....	7.5	7.5	8.1	9.2	8.6	31.7	0.0	21.6	18.9
British Columbia.....	10.0	10.9	11.4	28.2	28.5	4.6	72.5	5.3	14.7
Western Provinces.....	26.5	26.8	27.8	44.0	35.9	76.7	73.1	64.2	58.8
Canada.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

*Fiscal years ending September 30.

N.B. Totals may not add due to rounding.

It might be argued that one reason for a higher proportion of these federal resources going to western provinces is the presence of comparable, and competing, programs made available by other provinces. This is undoubtedly true, especially with the farm and fisheries programs, but it would be misleading to conclude that the activity of these provincial programs should be considered as offsetting the activity of the federal programs. The resources for these provincial programs all come from within these provinces, while the federal programs use resources gathered all across the country. Provinces which do not set up their own programs and use the federal ones are thus free to use these resources for other purposes.

Over the last several years the Industrial Development Bank's actual decision making on loan proposals has been in large part delegated to its branch and regional offices. In the IDB's early years, all loan proposals had to be referred to head office in Ottawa for approval. But in IDB's fiscal year ended September 30, 1972, approximately 66 per cent of loans were authorized at the branch level, 31 per cent at the regional level, and only 2 per cent at the general manager's office in Montreal and 1 per cent at head office in Ottawa. At the end of its 1972 fiscal year, the IDB had 46 branches of which 17 were located in Western Canada. The IDB has undertaken a vigorous program of development of new local offices and has not confined itself to operating from the capital city of each province. During fiscal 1972, 96.7 per cent of loans in the Prairie region were authorized at the branch or regional office level and 97.5 per cent at these levels in the B.C. region. Not only do the regions have almost complete freedom in the authorization of loans, but they are also free of any budgetary restrictions. The IDB does not allocate funds among the various regions. Each region is provided with whatever funds are needed to meet amounts determined in the region.

13. Provincial Government Programs

The western provinces with the exception of British Columbia have specific programs providing incentives for industrial development in the form of direct lending, loan guarantees and grants. Although small in relation to total public and private investment in the provinces, these programs provide a substantial amount of funds for the financing of industrial activity. The Manitoba Development Corporation is designed to stimulate economic development and employment primarily in secondary manufacturing and processing industries unable to secure financing elsewhere on reasonable terms and conditions. The MDC provides financial and management counselling, loans, loan guarantees and equity participations. From its inception through 1971 the program in Manitoba has provided about \$200 million, with \$32 million disbursed in 1970-71. The Saskatchewan Economic Development Corporation is designed to supply financial aid for the expansion of industries and to attract new industries. Processing or manufacturing industries, agricultural operations and firms stimulating exports and tourism are eligible. SEDCO provides loans against fixed assets, grants for research, and leases or sells industrial sites and buildings. The program provided

\$88 million between its commencement through 1971 and disbursed over \$18 million in 1970-71. The Alberta Opportunity Company is designed to stimulate new and expanding enterprises to lessen the province's dependence on primary resource industries and to stimulate employment opportunities. Canadian companies offering a high degree of job opportunities are given priority. The program provides loans not exceeding 80 per cent of the capital cost or 80 per cent of the value of inventories, and loan guarantees for capital projects and in respect of working capital requirements. The maximum amount of loan is \$500,000. The program also provides loans or guarantees up to 50 per cent or a maximum of \$10,000 of the costs for research and development. Since inception through 1971 the program has provided funds of about \$11 million, with about \$2.5 million disbursed in 1970-71.

Summary

Although data on the financial system in Western Canada are incomplete, the evidence seems to indicate that the financial institutions and capital markets have channelled to borrowers in the western provinces as a whole a share of available funds larger than their proportions of national population and personal income. Broadly speaking this reflects the relatively high level of economic activity throughout the region, as well as the existence of special lending programs of particular relevance to borrowing needs in the four provinces. Over time, moreover, the financial institutions have expanded their range of activities and services and improved their ability to meet the growing financial requirements of business not only in Western Canada but in Canada as a whole. Nevertheless, some problem areas do exist. These are discussed in the following section.

PART III

Continuing Issues in Business Capital Finance

1. "Small Business" Financing

A familiar issue is the availability of sufficient capital, either debt or equity, for small and medium-sized firms to play an adequate role in local development and expansion. In particular it is often stated that venture financing for new and expanding small firms is limited and difficult to obtain. These contentions are not unique to Western Canada, where they tend to be characterized as regional problems. They are heard throughout the country and in most economies of the industrialized world. The most advanced and competitive financial systems in the world have been criticized for not adequately meeting the financial needs of "small" business. Governments have attempted in various ways to ease these problems but whether Canada lags or leads in this regard is a difficult question to resolve.

Whether or not there is a shortage of capital for small business financing in Canada, several recent Canadian studies do suggest that financing is only one of several

problems. The studies indicate that the major problems of small business fall into five categories:

- shortage of managerial skills
- heavy dependence on one or two key people
- shortage of equity capital
- lack of high-risk debt capital
- high cost of capital

That these problems are not unique to Canada in particular is evident in a broad inquiry into capital markets by the Organization for Economic Co-operation and Development. In reviewing the financial needs of small and medium-size firms in all member countries, the OECD enumerated the following obstacles:

- “(a) A lack of equity (or proprietary) capital, which cannot be made up by issuing of shares or creating participations on a larger scale. This lack of capital in turn limits the possibilities of borrowing from institutions which impose the usual banking requirements with regard to security. Small but expanding limited companies usually find themselves in the most difficult situation since they are unable to obtain further help from the market but already have to carry the burden of taxation borne by this form of enterprise;
- (b) The difficulty of access to medium and long-term credit or the inability to obtain sufficient amounts, owing to the inadequacy of equity (or proprietary) capital (there are generally fewer problems with regard to working capital);
- (c) Virtually impossible for them to raise funds through the issue of bonds publicly.”

Similar conclusions are emphasized in the 1959 Radcliff Report in the United Kingdom and a recent report by a Small Business Task Force in the United States. The situation in the latter country is summarized, for example, in the following quotation from a special study on U.S. small business:

“The capital requirements of business too new to have accumulated internal resources or too small to tap the organized financial markets present a perpetual problem to small business. The problem was noted by Adam Smith and has occasioned more comment and controversy probably than any other subject concerning small business . . .

Inevitably, long-term financing through the security markets is inaccessible to most small business firms and difficult and costly for those large enough to make use of it. Evidence indicates that initial capital for small business is typically supplied by personal savings or secured borrowing (against real property or life insurance) of the entrepreneur or his family, by loans or investments from personal acquaintances, by windfall lump sums (inheritances, etc.) and similar sources. Beyond this, in his attempts to raise initial capital or capital for operation or expansion, the small businessman may find his needs and objectives inconsistent or incompatible with the terms and objectives of potential investors or lenders.”*

* F. D. Hollander, *The Future of Small Business*, New York, 1967.

It is an open question as to whether Canada's private financial sector finances a greater or lesser proportion of “small” businesses than the private financial sector of major industrialized nations, particularly the U.S. In this connection, in their report in 1964, the Royal Commission on Banking and Finance indicated that one international merchant banking group, the Charterhouse Group Canada Limited, had stated that:

“Facilities and competition for small business financing were more developed in Canada than elsewhere” and it claimed “difficulty in finding enough satisfactory business.”*

In the light of these familiar problems, an impressive array of private financial facilities and government programs has in fact been developed in recent years. Their development in Western Canada has already been outlined. Whether the total system as now developed is adequate remains a matter of judgement and continuing study. One outstanding difficulty, however, is that there is as yet no single authoritative source of information available to the businessman on this array of facilities.

The inventor with a new concept or product can have a particularly difficult time obtaining the assistance he needs to test his invention and to prepare it for market. Often the individual in this situation does not have nor has he thought of a business plan. Such a plan would document the availability, actual or potential, of a management team, the technical ability to produce the product, and the availability of adequate markets. Without the development of at least some part of such a business plan, financing on reasonable terms and conditions may well be difficult if not impossible to obtain.

2. Lack of Venture Capital

A further particular area of concern is the position of companies too small to finance their needs by public issues of equity stock. In this regard, the development of the venture capital industry in Canada has been interesting. A study conducted jointly by Varitech, a Toronto based venture capital firm, and the University of Toronto Business School, and similar investigations undertaken by federal government departments reveal the following highlights:

- The first formal emergence of the venture capital industry—narrowly defined as existing for equity investment in non-publicly traded companies which have only been in existence a short time—occurred with the establishment of two firms in 1953.
- One survey identified over 300 companies and individuals who had invested or would invest in some form of venture capital. Another, using a narrower definition, identified 42 venture capital firms, with combined resources of well over \$100 million.
- Some of these firms are affiliated with very large financial institutions, and if need and opportunity arose, would have access to substantial resources.

* Royal Commission on Banking and Finance, Report, 1964, p. 44.

- In addition to venture capital firms there are at least as many other operators in the field on a less formal basis.
- Firms are comparatively small, using a limited number of highly trained personnel to assess investment opportunities.
- Generally, venture capital firms wish to have representation on the board of companies in which they invest but do not desire, nor are they equipped, to participate in day-to-day management.
- To avoid crack-pot proposals many companies maintain a low profile, refrain from advertising and rely upon associated firms for referrals.
- Firms in the industry indicate a scarcity of viable propositions, largely attributed to lack of competent management. (One survey indicated that of 1,520 proposals made to 16 venture capital firms, only 250 warranted investigation in depth, and 52 were invested in. Studies in the United States reveal a similar phenomenon.)
- Despite careful screening, the success ratio is no more than moderately attractive—about 2 to 3 of every 10 investments become write-offs, 5 are moderately successful and another 2 to 3 can be classed as highly successful.

Broadly speaking, therefore, it appears that while it is difficult to quantify real shortfalls, studies do indicate that Canada is not lagging behind other developed countries in mechanisms to provide venture capital for small business enterprises. The industry has developed rapidly in the past several years, with more than 300 potential suppliers, a number of them with very substantial financial institution sponsorship. The Canada Development Corporation has also entered the field through substantial interests in three venture capital firms. In brief, the conclusion has been reached that the private sector is expanding and "institutionalizing" the venture capital area at a quick pace. It has been augmented by the presence of the CDC, and the prospects for overcoming major inadequacies across the country are encouraging.

3. Business Management and Business Failures

The problem of inadequate business management, particularly for smaller-sized ventures, recurs throughout virtually all studies of financing problems. Analyses of business failures have highlighted lack of management ability as the major cause of bankruptcy. Table 15 gives some indication of the extent of the problem.

Incompetence, the first category in Table 15, is an all-encompassing term, manifested in a number of specific shortcomings such as inadequate sales, excessive expenses, poor location, and so on. Many failures were inevitable because business should never have been established in the first place, due to lack of adequate markets. In 1971 there were 3,270 commercial failures in Canada under the Bankruptcy and Winding Up Acts, involving liabilities of some \$322 million. The corresponding figures for the first half of 1972 are 1,661 failures with liabilities of \$193

million. The dollar costs are apparent, but behind them lies the wastage and the high social costs involved in unstable and uncertain employment. There is obviously a case for making more training and counselling available to the business sector. While several training programs exist, they do not seem to be co-ordinated, nor are they adequately publicized. As already noted the small businessman does not have a single wicket to which he can turn for information on the programs that exist and where he might seek the assistance and counselling best suited to solving his particular problem. It could be particularly useful to the small businessman to have an effective but decentralized consulting system to turn to for assistance.

TABLE 15
CAUSES OF BUSINESS FAILURE

	Canada	U.S.A.
	%	%
Incompetence.....	42.4	45.0
Lack of management experience.....	20.1	16.0
Unbalanced experience.....	19.3	18.2
Lack of Experience in line.....	9.4	10.6
Neglect.....	2.7	2.8
Fraud.....	1.8	1.2
Disaster.....	.8	1.5
Other.....	3.5	4.7
Total.....	100.0	100.0

SOURCES: Canada — "Why do Businesses Fail?"—M. I. Wagner, *The Canadian Salesman*—January, 1967.
U.S. — "Improving the Prospect of Small Businesses"—Residential Task Force, 1968.

4. Decision-Making Centres

A further aspect of regional capital finance has to do with the problem of head office location and the concentration of decision-making centres in central Canada. Several references have already been considered in this paper and the point made that while head offices are indeed concentrated in Eastern Canada, regional offices do have considerable and broadening discretion in the approval of loans. Regional loan limits are generally high and many of the institutions have regional advisory boards to help give policy directions for the institutions to pursue.

On the other hand, there may well be benefits to having a wider distribution of head offices across Canada. The Bank of British Columbia has demonstrated that a new bank can be successfully launched under favourable conditions. Its operations have been noted as having had beneficial effect on the development of Vancouver as a financial center. Some money market activities have commenced in that city, and the Bank of Canada has established a Securities Department representative in Vancouver. There has also been a response by some established banks which have extended greater autonomy to their British Columbia operations. Finally, the location of the head office of a large financial institution in a region may attract and facilitate the development of ancillary in-

dustries to service the financial institutions, at least in major regional service centres.

5. Regionally-Based Banks

A further important question is whether the servicing of regional financial needs could be improved by the establishment of regionally-based financial institutions in general and regionally-based chartered banks in particular. Few new banks have been established in Canada in recent history and of these, only the Bank of British Columbia has located its head office outside of Toronto and Montreal.

The benefits Vancouver has derived from the establishment of the Bank of British Columbia have been recognized. As mentioned earlier, some money market activities have commenced in Vancouver. It is possible that the establishment of other regionally-based financial institutions would also benefit the areas in which they are established. For example, as mentioned earlier, they might attract and facilitate the development of ancillary industries to service the financial institutions. As in British Columbia other established financial institutions might extend greater autonomy to their operations in that region.

The British North America Act assigns to Parliament exclusive jurisdiction over banking and the incorporation of banks. Parliament has exercised its jurisdiction over banks by means of the Bank Act and the incorporation of a bank can take place only by means of a special Act of Parliament. The capital requirements necessary to form a new bank are not prohibitive in that the minimum authorized capital stock of the bank is \$1 million.

There are very few restrictions in the Bank Act with respect to the ownership of a bank. An individual person or persons associated with him are restricted to a maximum of 10 per cent of the total number of the issued and outstanding shares of a bank. An exception may be made for new banks upon the approval of the Governor-in-Council. The total number of shares of the capital stock of a bank held by non-residents cannot exceed 25 per cent of the total number of the issued and outstanding shares, with the same limitations for individual persons. (An exception, but with other severe restrictions, exists in the case of banks where foreign ownership exceeded 25 per cent as of September 22, 1964.) There is also a prohibition on the ownership of shares by governments, including provincial governments. However, certain provincial and other government agents, such as provincial pension funds, may own up to 10 per cent of the shares of a bank, provided that the voting rights of such shares are not exercised.

There are no restrictions in the Bank Act preventing credit unions from acquiring the status of chartered banks. In this connection two western provincial credit union societies are reportedly investigating the feasibility of a regionally-based bank and are considering the possibility of applying for a bank charter. They would each be subject to the 10 per cent ownership limit for any one person as would any unaffiliated credit unions, but individual credit union centrals and unaffiliated credit unions could purchase shares of a bank as provided for in the legislation.

Generally it can be said that with the exceptions for provincial governments and non-residents noted above, there are no legislative restrictions hindering the establishment of new regionally-based chartered banks in any part of Canada. Moreover, the equity capital requirement of \$1 million is relatively small and it would appear that the raising of such a sum is not a problem. What seems to be missing is the catalyst required to provide or insure strong promotion and good management.

6. Regional Flows of Savings and Investment

Apart from the foregoing points, there are two broad questions of continuing concern. One of these had already been noted in this paper. It has to do with the efficiency of the over-all financial system in helping to allocate available funds to meet regional requirements for credit and capital. More particularly, the question is raised as to whether existing financial institutions and the organization of the system contain built-in or deliberate biases, which lead to unfair discrimination against the western provinces in this allocation process. This concern stems from the fact that head offices of major institutions are concentrated to a considerable degree in Toronto and Montreal, and this factor of location, together with the interlocking nature of the corporate business community, results in a lack of responsiveness to the needs for development capital in the West. In one instance at least, a provincial study has provided an estimate of an adverse balance between savings and loans in the province as evidence of an outflow of funds.

The lack of data makes it virtually impossible to develop reliable estimates of over-all savings and investment by province or region. Similarly, it is not possible to trace out net flows of funds for any one province. Such information as is available on component parts of the financial system, including the operations of private institutions and public programs, does not indicate major distortions in the allocation process, but this is clearly only a partial picture and broad conclusions cannot be drawn.

What is clear is that inter-provincial and inter-regional flows do occur, in response to varying seasonal needs and different rates of growth in the accumulation of funds and investment needs and opportunities. Such flows are an essential part of the national, and indeed international, capital market. To suggest that savings accruing within any one area of the country ought necessarily to be reserved for use only within that same area would be as destructive of the concept of a common market within a country as would barriers restricting the movement of people and goods across provincial boundaries.

As has been stressed in this paper the function of the financial system with its broad range of institutions is to facilitate the movement of funds between savers and lenders both within and between areas. Competition between institutions of the same kind and between different kinds of institutions helps to insure the effective working of the system in carrying out this intermediary role. The information assembled in this paper on the financial system in the West indicates its varied nature

and continuing growth. It remains for consideration whether there are unfilled needs requiring to be met by further development of the system.

7. Credit in slow-growth areas

A further matter of general concern has been the flow and cost of credit in slow-growth regions at times when monetary policy has to be directed to containing inflationary excess demand in the national economy as a whole. In the West, this concern has been felt particularly in Manitoba and Saskatchewan, where rates of economic growth have tended to lag behind the other western provinces. It has been asked whether monetary policy under such circumstances can be modified, or some other broad means found, to sustain a higher flow of credit at lower rates of interest than the market would otherwise establish in lagging regions.

Such an approach would involve the Bank of Canada and its statutory powers. The Bank of Canada operates at the centre of the financial system—on the cash reserves of the chartered banks and in the market for Government of Canada securities—in an environment of nationally integrated capital markets. As we have discussed, funds flow within these markets across regional boundaries in response to interest rate differentials and other incentives. In these circumstances it has always been necessary for the Bank of Canada to take regional economic conditions into account in the formulation of monetary policy, and at times these may act as a constraint on the policy choices open to it.

Because of the importance of the chartered banks in our financial system, the Bank of Canada has also used "moral suasion" to influence the allocation of bank credit in favour of slow-growth areas. In periods when bank credit has had to be rationed, the central bank and the Minister of Finance have asked the chartered banks to have special regard for borrowers in slow-growth areas and for small businesses generally. The chartered banks have given assurances that they do pay special attention to the demands of small business and the needs of slow-growth areas. The emergence of dual-rate lending is indicative of developing policies in this regard.

Because lenders seek to employ their funds where the returns are highest, differences in interest rates between regions will tend to be eliminated by the operation of market forces. If the central bank found a means to reduce the cost of credit in one region from the level the market itself would establish, capital would tend to flow out of the region unless such flows were subject to direct and comprehensive controls.

In the same way, if monetary policy were used in some way to change the total amount of credit available from financial institutions, the Bank of Canada's place at the centre would not give it leverage over the amount of credit available region by region.

Another suggested option has been to change reserve requirements on the deposits or loans of chartered banks in specific regions. This too would appear to have little or no practical effect, and it would require an elaborate

monitoring apparatus to operate. Different reserve requirements for deposits in some regions might result in higher deposit rates, and some transfer of funds into bank branches in these areas, but there would be no necessary correspondence between this inflow and a higher volume of bank lending in the same areas. Lower statutory reserve requirements applied against bank assets in some regions might have some effect in terms of relatively lower interest rates on loans or a greater volume of such loans. But again, there would be no necessary correspondence between the areas where the loans were granted and the proceeds spent.

Lower reserve requirements in slow-growth regions would also alter the competitive balance in the banks' favor in these areas over other lending institutions, including any regional institutions. On the other hand, if the banks' nation-wide reserve requirements remained unchanged, an offset would be necessary in the form of higher reserve requirements in other areas, putting banks at a competitive disadvantage there. Clearly, techniques of this kind would introduce a new element and considerable complication into the job of controlling the over-all growth of the banking system, which is the real purpose of cash reserve requirements. Moreover, as a matter of great practical importance, large differences in reserve requirements by region would be necessary to produce differences in lending rates or profitability sufficient to have much impact on lending practices.

It has also been proposed to put pressure on certain financial institutions to change their allocation of resources. Here, too, such a policy runs up against difficult problems. There appears to be little justification in singling out one group of institutions to abide by this requirement, and not other financial institutions or non-financial lenders and investors. Even if discriminatory treatment were justified, private financial institutions could not in practice be forced to make loans they judged to be unsound. Banks and other financial institutions differ widely in their representation in slow-growth areas, and pressure on them to vary their allocation would have an uneven impact in slow-growth regions.

It is a fact of Canadian experience and policy that governments have already acted, directly and through indirect means, to stimulate expenditure in slow-growth regions by expanding access to low-cost credit. Both the federal and provincial governments lend funds and guarantee loans from the private sector to achieve specific objectives. Some programs, such as the guarantee of credit for farmers and fishermen, have regional effects to the extent that these industries are concentrated in particular areas. The federal Department of Regional Economic Expansion guarantees loans aimed specifically at slow-growth regions.

These approaches have come to be regarded as well-suited to objectives of regional or social development, or to the needs of particular groups. Evaluated against alternative approaches to regional credit policy, they offer more certain and effective means of ensuring that loan proceeds are in fact spent to the maximum extent possible on locally produced goods and services to maintain the stimulus to grow in the regions concerned.

INDEX OF CONFERENCE DOCUMENTS

Doc No.

- 001 **Agriculture**—Jointly submitted by the Premiers of British Columbia, Manitoba, Alberta and Saskatchewan.
- 002 **Capital Financing and Regional Financial Institutions**—Jointly submitted by the Premiers of Manitoba, Alberta, Saskatchewan and British Columbia.
- 003 **Agriculture**—Background paper prepared by the Government of Canada.
- 004 **Capital Financing and Financial Institutions**—Background paper prepared by the Government of Canada.
- 005 **Mineral Resource Development**—Background paper prepared by the Government of Canada.
- 006 **Industrial and Trade Development**—Background paper prepared by the Government of Canada.
- 007 **Regional Development Opportunities**—Background paper prepared by the Government of Canada.
- 008 **Processing of Resource Exports**—Document released by the Government of Canada on July 17.
- 009 **Economic and Industrial Development Opportunities**—Jointly submitted by the Premiers of Alberta, Saskatchewan, British Columbia and Manitoba.
- 010 **Transportation**—Jointly submitted by the Premiers of Saskatchewan, British Columbia, Manitoba and Alberta.
- 011 **Notes on administrative arrangements**—Prepared by the Secretariat.
- 012 **Transportation**—Background paper prepared by the Government of Canada.
- 013 List of Delegates and Advisers.
- 014 Index of Conference Documents.
- 015 **Opening Statement** of the Honourable David Barrett, Premier of British Columbia.
- 016 **Notes** for Opening Statement by Transport Minister Jean Marchand—July 24, 1973 and Summary.
- 017 **Notes** for the Prime Minister's Opening Remarks.
- 018 **Social and Economic Objectives of the West**—Statement tabled by the Prime Minister of Canada—July 24, 1973.
- 020 **Opening Remarks** of Premier Allan Blakeney of Saskatchewan.
- 021 **Opening Remarks** of Premier Peter Lougheed of Alberta.
- 022 Suggested Agenda.
- 023 Suggested Work Program.

Doc No.

- 024 President of Canadian Transport Commission's Response to Transport Minister Jean Marchand's letter concerning Freight Rates and Appeal Provisions of the National Transportation Act.
- 025 **The Equitable Pricing Proposal** presented by the Honourable F. H. Peacock, Minister of Industry and Commerce, Alberta.
- 026 **Visual Presentation of The Equitable Pricing Proposal** presented by the Honourable F. H. Peacock, Minister Industry and Commerce, Alberta.
- 027 **Notes** for a Statement by The Honourable Donald S. Macdonald, Minister of Energy, Mines and Resources delivered at the Western Economic Opportunities Conference—July 25, 1973.
- 028 **Statement** by Premier Lougheed on **Transportation**—Western Economic Opportunities Conference—July 25, 1973.
- 029 **Statement** by the Honourable John N. Turner, Minister of Finance on **Tariffs and the West**—July 25, 1973.
- 030 **Statement** by the Honourable Alastair Gillespie, Minister of Industry, Trade and Commerce on **Western Industrial and Trade Development Programs**—Western Economic Opportunities Conference—July 25, 1973.
- 031 **Statement** by the Honourable Jean-Pierre Goyer, Minister, Supply and Services Canada to the Conference on Western Economic Opportunities—July 25, 1973.
- 032 **Federal Purchasing Policy and Regional Growth**—A Background Paper Prepared for the Western Economic Opportunities Conference by the Honourable Jean-Pierre Goyer, Minister, Supply and Services Canada—July 25, 1973.
- 033 **Agriculture**—Honourable Otto Lang's Statement—July 26, 1973.
- 034 **Statement on Decentralization** by the Honourable James Richardson, Minister of National Defence—July 25, 1973.
- 035 **Statement** by the Honourable John N. Turner, Minister of Finance on **Capital Financing and Financial Institutions**—July 26, 1973.
- 036 **Opening Statement** by the Honourable Eugene F. Whelan, Federal Minister of Agriculture—July 26, 1973.
- 037 **Notes** for Remarks by Premier Allan Blakeney of Saskatchewan on **Agriculture and Rural Life**—July 26, 1973.

Verbatim—Unedited Text of Proceedings by Session.

NOTES ON ADMINISTRATIVE ARRANGEMENTS

The Secretariat

1. Meeting Times and Places

The Conference will take place in the main forum of Mount Royal College in Calgary on July 24, 25 and 26, 1973. Mount Royal College is a new institution just recently opened. It is located in the South West section of the city of Calgary. It has a large and complicated floor plan which will require some familiarization by delegates. Direction signs have been posted everywhere and college guides will be available to offer direction to various rooms. The opening session on July 24 will begin at 10:00 a.m. The general meeting times on the three days will be from 10:00 hours to 12:30 hours and from 14:30 hours to 17:30 hours.

2. Meeting Accommodation

The facilities made available to the Conference are located on the first and second floors of the College (attached are floor plans of the College showing the location of facilities). These facilities are as follows:

First Floor

- Main Conference Room
- Conference Secretariat
- Delegates Lounge
- Press Working Area
- Provincial Delegation Offices
- Observers and Media Lounges

Second Floor

- Prime Minister's Office
- Federal Delegation Offices
- Western Premiers' Offices
- Private Meeting Room
- Delegates' Entrance and entrance for Media, Observers and Public

Third Floor

- Delegates Dining Room

3. Conference Room

The meetings will be held in the main forum of the College located on the first floor. Federal and provincial delegates will be accommodated on the main floor of the forum. Observers, representatives from the Media and the public will be following the Conference from the tiered areas adjacent to the forum floor. Closed-circuit television coverage will also be available in the Ford Theatre of the College for the public who cannot be accommodated in the main forum.

4. Entrance to Mount Royal College

Delegates will enter Mount Royal College through the South West entrance. Observers, representatives from the media and the public should enter through the South East entrance where accreditation will take place.

5. Admission Passes

Although all the Conference proceedings will be opened to the media and public, admission to certain areas of the College will be controlled by the use of Conference passes. These passes should be worn at all times for ready identification by the security staff who will be on duty at the College. The passes will be colour coded as follows:

Delegates to the Conference	—Gold on white
Observers	—Blue
Accredited Media Representatives	—Pink
General Public	—White
Conference Staff	—Pink on white

a) Delegates

Admission passes will be delivered to the delegations by the Secretariat on Monday, July 23rd. Any member of the official delegations who has not received his/her pass may obtain one from the Secretariat Administrative Office located on the first floor of the College (see attached plan) on Monday, July 23rd, or on entry to the College on Tuesday, July 24th.

b) Media representatives

Media accreditation has also been handled in advance but passes for media representatives can be obtained from the Secretariat Media Office located in the International Hotel or at the press entrance to the College on Tuesday, July 24th.*

c) Accredited observers

Official observers invited by the Federal Government and the Governments of the four Western provinces can claim their passes at the reception desk at the College on Monday afternoon or Tuesday morning.

d) General public

Only a limited number of members of the general public can be accommodated in the forum area. Passes for the public will be issued on a first-come first-served basis on each day of the Conference. Arrangements have also been made to have the Conference proceedings transmitted by closed-circuit television network to Rooms 2017 A, B, C & D in the College where approximately two hundred persons can be accommodated.

6. Secretariat

The Secretary of the Conference is Mr. Edgar Gallant, on leave from the Council of Maritime Premiers. He will be assisted by officers and staff seconded from the five participating governments and the College to carry out normal secretariat duties.

Secretariat services will be available in Calgary from Monday, July 23rd, to the end of the Conference. Secretariat services will be available to the delegation on a regular basis from 8:30 to 18:00 hours and at other times by prior arrangement with the Secretariat.

7. Conference Services

a) Record of proceedings

Unrevised copies of the verbatim record will be made available to both delegations and the media during the afternoon for morning sessions and overnight for the afternoon sessions. These copies will be clearly marked "Unrevised copy".

The Secretariat will prepare after each agenda item a summary record of the main points made during discussion and of measures announced or proposed.

b) Translation

Simultaneous translation into French and English will be provided during the Conference and the Secretariat has translators on staff to do translation of documents as required.

c) Security of documents

In view of the large number of journalists and photographers who will attend the Conference and seek interviews in the forum area at the end of each session, a certain amount of congestion may be expected and a resulting difficulty on the part of secretariat personnel to keep a watchful eye on delegation papers. It is important that each delegation arrange to pick up and secure after each session all briefing books and papers which are not for publication.

Any papers left behind at the end of each day will be picked up by secretariat staff and returned, if properly identified, to the appropriate delegation the following day.

d) Private Meeting Room

Room 2025 (see attached plan) on the second floor has been set aside for in camera meetings.

8. Secretariat Facilities

The following facilities have been established at the College to serve all delegations:

a) A secretariat administrative office will be located in room 1005 on the first floor of the College (South corner). It will be responsible for coordinating all administrative arrangements such as security, admission passes, transportation, handling of messages, etc.

b) A secretariat document production office will be located in room 1035 (North East corner) on the first floor. Printing and reproduction facilities will be available.

c) A Conference media office will be located in the general press area and at the International Hotel.

d) Stenographic, typing and translation services will also be available from the Secretariat.

e) Telephones have been installed in all delegation offices. A list of telephone numbers allocated to the various delegation and secretariat offices is attached. Delegates attending the Conference can be reached at their delegation numbers.

9. Social Events

The following social events have been arranged:

a) On Tuesday, July 24, the Government of Alberta will host a barbecue dinner for all delegates, observers and the media. The dinner will be at Heritage Park at 18:30 hours. Transportation will be provided from the Calgary Inn, the International Hotel and the Palliser Hotel, buses leaving at 18:00 hours (dress casual).

b) On Wednesday at the end of the afternoon session, the Prime Minister of Canada will host a reception for all delegates, observers and the media in the faculty lounge of Mount Royal College.

c) Following the reception on Wednesday evening the Prime Minister will host a dinner for the Western Premiers at 20:00 hours in his suite at the Calgary Inn.

d) Following the reception on Wednesday evening the Minister of Justice will host a dinner for all federal and provincial Ministers attending the Conference at 20:00 hours in the Lake Louise Salon, Mezzanine, Calgary Inn.

10. General Administration

a) Meals

College restaurants will be open. Meal services will be available as follows:

—The main faculty dining room on the third floor has been reserved for delegates;

—Observers, media representatives and the public accommodated in the Conference room will have access to the Rathskellar restaurant as well as other eating facilities except the faculty dining room;

b) Coffee Services

Coffee and tea will be served in the various Conference lounges.

c) Transportation

A bus service will be available to take passengers from the Calgary Inn, the International Hotel and the Palliser Hotel to the College in the morning and from the College to the hotels at the end of the afternoon sessions. Buses will leave the hotels at 8:30 and 9:15 each morning and will return after the afternoon sessions.

Taxis will also be available at the entrances of the hotels and the College.

d) Delegations

A list of delegates and observers will be issued separately.

Conference Secretariat

Conference Secretary—Mr. EDGAR GALLANT

Conference Rapporteurs

—Mr. VAL TRAVERSEY (Seconded from the Government of Canada)

—Mr. RONALD TUCKER (Seconded from the Government of British Columbia)

—Mr. B. DRYBURGH (Seconded from the Government of Manitoba)

—Mr. LÉO COURVILLE (Seconded from the Government of Saskatchewan)

—Mr. PETER KNAK (Seconded from the Government of Alberta)

* The general note on Media Arrangements is appended.

Documentation Services—Mrs. VALÉRIE DUFOUR
General Administrative Services—Mr. W. PRATT
Security Services—Major A. LEMIEUX
Media Arrangements—Mr. D. ORCHARD
Special Adviser—Mr. G. BÉLEC

MEDIA ARRANGEMENTS

1. Agenda

Subject to confirmation at the opening session, the general programme of work of the Conference will be as follows:

Tuesday, July 24:

10:00 a.m.—12:30 p.m. Opening statements—
Conference objectives
 2:30 p.m.— 5:30 p.m. Transportation

Wednesday, July 25:

10:00 a.m.—12:30 p.m. Industrial and commercial
development
 2:30 p.m.— 5:30 p.m. Industrial and commercial
development

Thursday, July 26:

10:00 a.m.—12:30 p.m. Agriculture
 2:30 p.m.— 5:30 p.m. Capital Financing and
Financial Institutions

2. Accreditation

Late accreditation may be obtained at the media reception desk, set up at the press entrance of Mount Royal College (Southeast door) Monday between 12 noon and 7 p.m. (telephone: 249-1168), at the press room at the International Hotel between 8 and 10 p.m. Monday (telephone: 265-9600), and again at the college Tuesday morning. The desk will have identification badges and press kits.

Media representatives are asked to wear passes at all times to assist the security staff and to avoid embarrassment in moving around Mount Royal College.

3. Facilities

Media representatives unable to join the familiarization tour of the college Monday are urged to contact a member of the Media Relations group (page 3) for assistance in locating facilities. The attached map shows the following facilities on Level 1 of the college (a floor down from the press entrance):

Conference Room—"The Forum"

Sound equipped tables seating about 100 reporters occupy the rear wing of the conference room, which looks directly onto the U-shaped conference table. A full audio distribution system will be set up in this area for taping conference proceedings. It is anticipated that formal news conferences will also take place in this room. Simultaneous interpretation is available for all sessions in the Forum.

Work Rooms

A large press work area near The Forum is equipped with 45 typewriters, audio distribution system, 12 pay telephones, three allocated desk phones for facsimile transmission *only*, television monitors which will carry all conference proceedings and a documents distribution area. Rooms are allocated nearby to independent radio groups for taping and voice feeds; these rooms have audio lines from the conference floor and television monitors.

Interview area

An area near the conference floor has been designated for interviews. It has full lighting for television.

Media Relations Office (Telephone: 246-6410)

The media relations office is located next door to the main work room.

The following officers will be available at or near this office or at the International Hotel, to deal with requests for information, interviews, documents, and to help secure any required facilities in connection with the conference:

Dennis Orchard	—senior media officer—general inquiries—liaison
Ben Ward	—documents
Ian Macdonald	—radio-television-photo
Claude Gendron	—French-language media
Tom Cheney	—technical liaison; media filing facilities
Louise Lavigne	—secretary
Stasia Tchorewski	—secretary

Restaurants

The "Rathskellar" restaurant and lounge area lies between the conference room and media rooms, and is intended primarily for the use of media representatives. However, a number of other eating facilities in the college are also available.

Photographers' Room

A photo room has been established near the entrance to the media area for the convenience of photographers, storage of equipment, etc.

4. Documents

It is expected that most documents released by governments will be made available as statements are being delivered. These will be distributed in the main work room.

5. Record of Proceedings

Unrevised copies of the verbatim report will be made available to both delegations and the media during the afternoon for morning sessions and overnight for the afternoon sessions.

6. Transportation

Mount Royal College is located in southwest Calgary, four miles from downtown. Buses will leave the International Hotel for the college about one hour before morning sessions, and return delegates and media representatives to the Calgary Inn (a block from the International Hotel) each evening. Taxis will be available at the entrance of the hotels and college. Cab fare between the college and downtown is about \$3.

7. Social Events

The Government of Alberta will host a barbecue dinner for delegates, observers and media representatives at Heritage Park at 7:30 p.m. Tuesday, July 24. Transportation will be provided from the Calgary Inn and International Hotel, buses leaving at 7 p.m. Dress is casual.

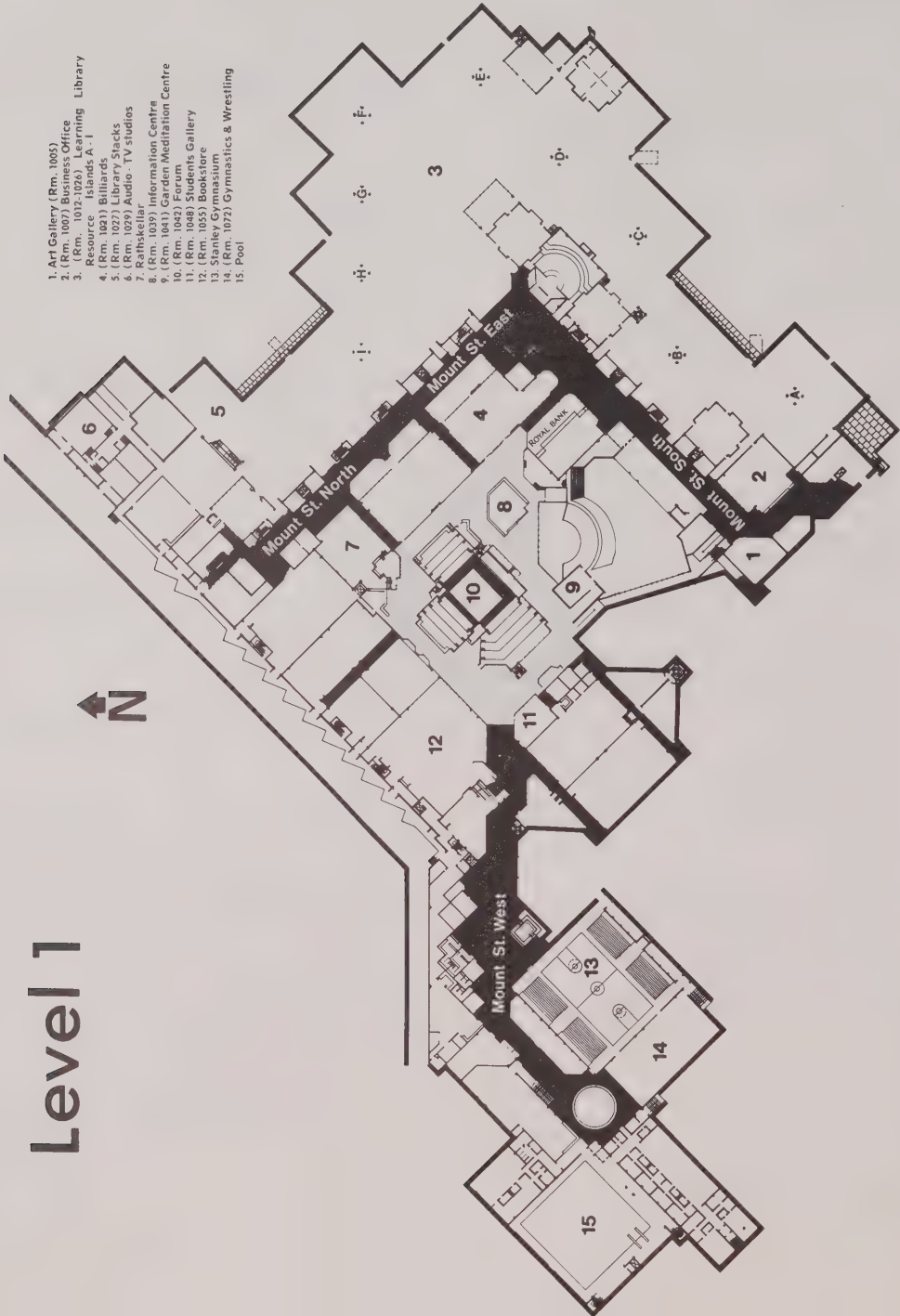
Following the afternoon session Wednesday, Prime Minister Trudeau will play host to a reception for all delegates, observers and media representatives in the faculty lounge of the college.

Secretariat

Mr. Edgar Gallant is Secretary of the Conference.

Level 1

1. Art Gallery (Rm. 1005)
2. (Rm. 1007) Business Office
3. (Rm. 1012-1026) Learning Library Resource Islands A-1
4. (Rm. 1021) Billiards
5. (Rm. 1022) Judo Mats
6. (Rm. 1029) Audio TV Studios
7. Rathskellar
8. (Rm. 1039) Information Centre
9. (Rm. 1041) Garden Meditation Centre
10. (Rm. 1042) Forum
11. (Rm. 1050) Students Gallery
12. (Rm. 1051) Bookstore
13. Stanley Gymnasium
14. (Rm. 1072) Gymnastics & Wrestling
15. Pool



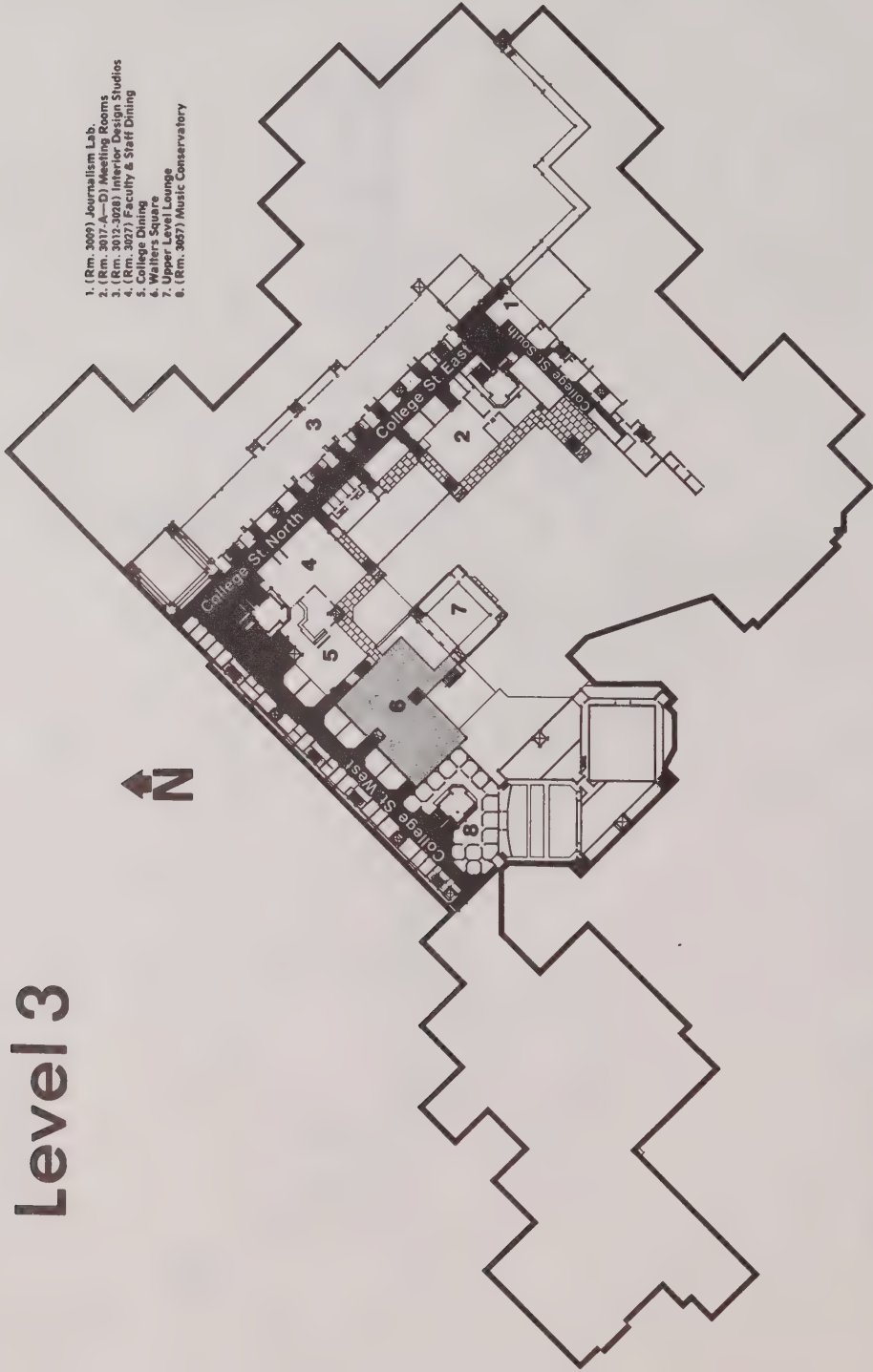
Level 2

1. (Rm. 2060) Registration, Admissions
Sales Office
2. (Rm. 2001) Production Office
3. (Rm. 2023) Student Newspaper
4. (Rm. 2028-A) Day Care Centre
5. (Rm. 2030) Counselling Services
6. (Rm. 2032) Ford Lecture Theatre
7. (Rm. 2033) Ford Lecture Theatre
8. Pancake House
9. (Rm. 2055) Barber Shop
10. (Rm. 2034) Soup Kettle Inn
11. Forum Lounge
12. Reversion Plaza
13. (Rm. 2040) Jackson Theatre
14. (Rm. 2038) Wright Theatre
15. (Rm. 2048) Health Offices



Level 3

- 1. (Rm. 3009) Journalism Lab.
- 2. (Rm. 3017-A-D) Meeting Rooms
- 3. (Rm. 3013-3028) Interior Design Studios
- 4. (Rm. 3027) Faculty & Staff Dining
- 5. College Lounge
- 6. Walters Square
- 7. Upper Level Lounge
- 8. (Rm. 3027) Music Conservatory



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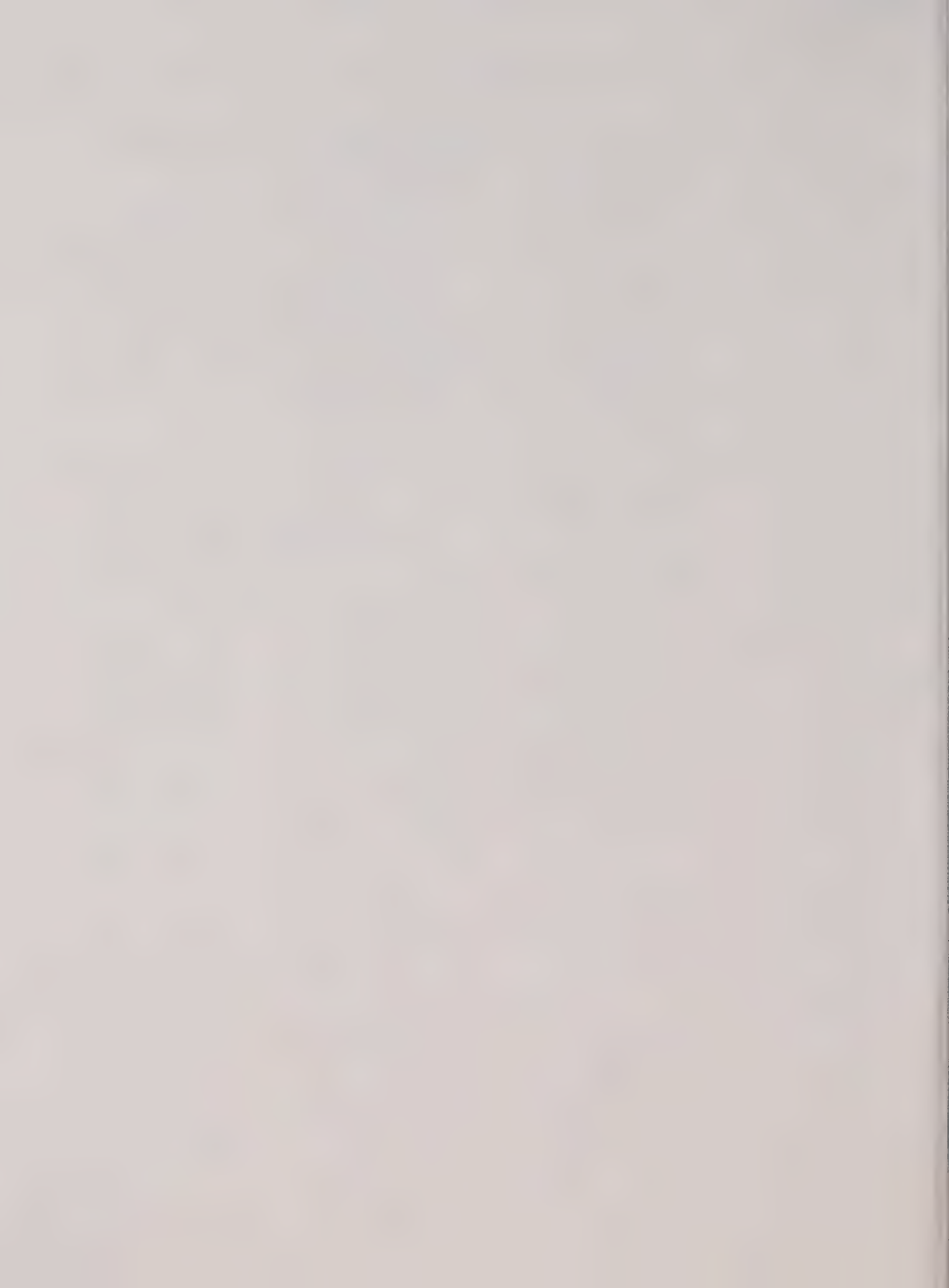
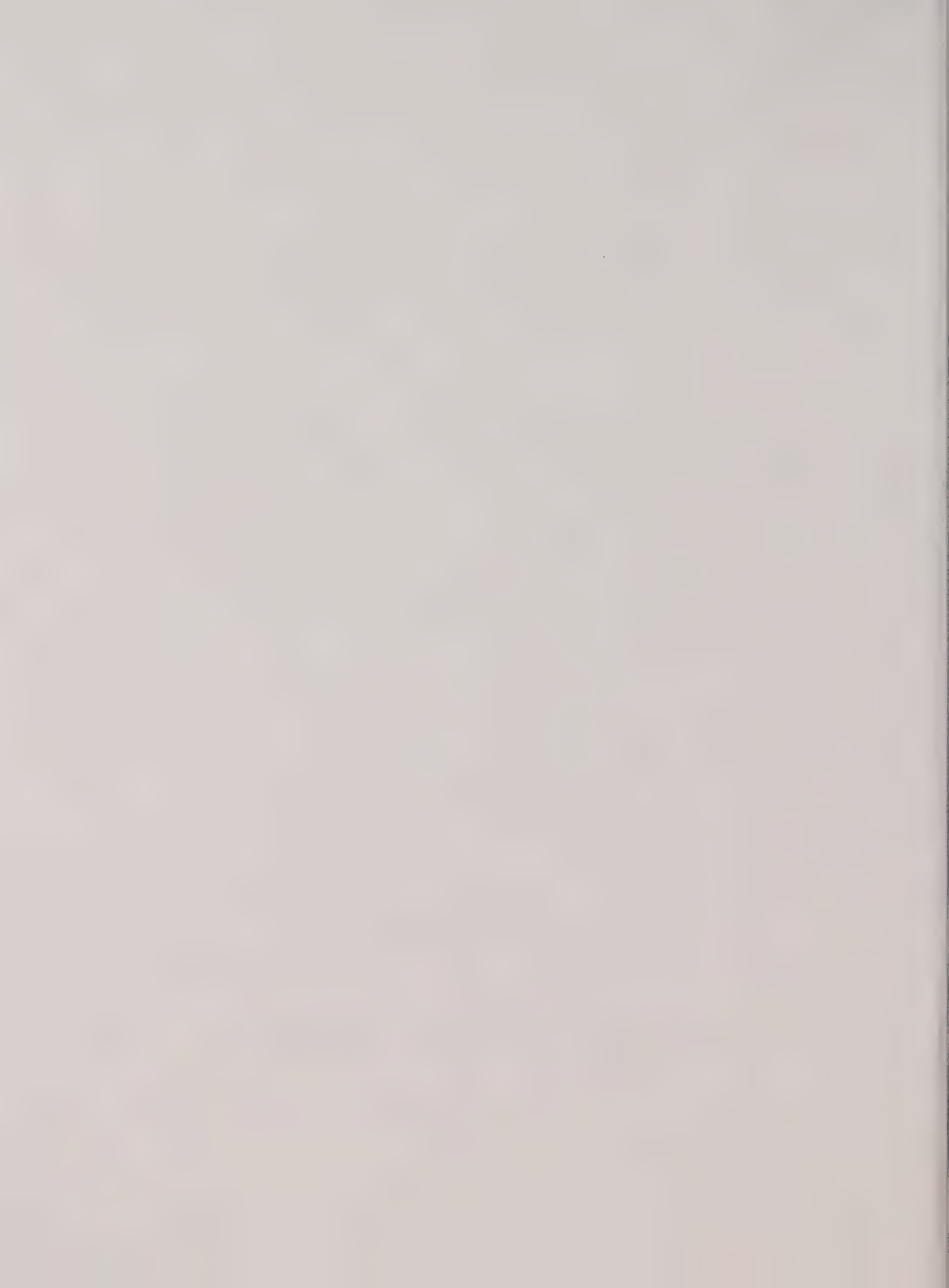


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LES OBJECTIFS SOCIAUX ET ÉCONOMIQUES DE L'OUEST

Déclaration déposée par le Premier ministre du Canada, le 24 juillet 1973

En janvier de cette année, le gouvernement du Canada proposait une conférence afin d'examiner avec les gouvernements et la population de l'Ouest les possibilités et les perspectives de développement économique et social de cette grande région de notre pays. Selon les termes du discours du trône, la conférence devait permettre «d'enviesager des programmes concrets destinés à stimuler et à élargir les bases économiques et industrielles de l'Ouest canadien.» On s'est beaucoup interrogé partout au Canada, et surtout dans l'Ouest, sur les motifs qui ont amené le gouvernement du Canada à proposer que cette rencontre historique ait lieu, et que la population de l'Ouest et les citoyens de tout le Canada soient admis à en suivre les délibérations.

Le facteur déterminant de cette conférence a été notre conviction que le Canada est parvenu à un carrefour historique. Les nouvelles possibilités qui s'ouvrent au Canada dans le monde d'aujourd'hui et de demain pourront être des plus avantageuses pour nous tous ainsi que pour nos enfants. Mais nous sommes persuadés que, pour profiter pleinement de ces possibilités, il nous faut une nouvelle stratégie de développement national dont l'objectif doit être d'assurer une économie équilibrée et diversifiée à toutes les régions du pays.

Parce que nous croyons qu'il est temps de procéder à cette réorientation de notre stratégie de développement national et parce que ce changement pourrait avoir une importance particulière non seulement pour ce qui est d'éliminer certaines des frustrations de l'Ouest, mais aussi en ce qui touche l'ensemble du développement futur de cette région du Canada, nous avons conclu que le moment était venu d'inviter les gouvernements des provinces à prendre part à la conférence qui nous réunit à Calgary.

Il peut être utile de passer en revue brièvement l'histoire du développement de l'Ouest canadien. Tous les Canadiens ont mis leurs efforts en commun pour ériger une nation forte et indépendante et l'Ouest a joué un rôle essentiel dans cette entreprise. L'Ouest a toujours été un foyer de possibilités pour tous les Canadiens, le lieu où des jeunes ont établi leur ferme et fait fortune et où de nombreux néo-Canadiens ont trouvé une vie plus riche et plus libre. C'est en grande partie grâce à ces possibilités qui se sont offertes dans l'Ouest du Canada et à ceux qui s'en sont prévalus que nous avons pu édifier avec les années une économie riche et productive.

Le rôle joué par le gouvernement du Canada, dans la formation et l'organisation de l'Ouest et de la société dans l'Ouest canadien, a été considérable. L'appui national donné aux chemins de fer ainsi qu'à l'aménagement du territoire et à l'immigration a été essentiel à l'ouverture d'une bonne partie de l'Ouest et en a déterminé le peuplement. L'apport fédéral a permis de découvrir certaines des ressources les plus importantes de l'Ouest et, grâce aux recherches agricoles du gouvernement fédéral toujours, de nouvelles ressources ont été créées, d'autres améliorées. Les programmes nationaux de commerce ont ouvert des débouchés aux matières premières de l'Ouest, tandis que les programmes nationaux de transport en ont assuré la livraison.

Ces programmes fédéraux traditionnels ont contribué à faire du Canada un pays viable et à développer l'Ouest canadien. Mais leur orientation s'appuyait essentiellement sur le principe de la spécialisation régionale suivant lequel le développement de l'Ouest devait se faire à partir de son territoire et de ses ressources et celui du Centre du Canada devait se fonder sur la puissance industrielle. Cette orientation ne prévoyait pas les possibilités, dans l'Ouest du Canada, d'une société pleinement autonome et dotée de tous les avantages que la diversification industrielle et commerciale peut assurer. Tout au cours des premières étapes de colonisation rapide de l'Ouest et peut-être même jusqu'au début de la grande crise, les méthodes traditionnelles ont semblé opportunes, et le succès même de l'entreprise—jusque-là—à écarté toute remise en question sérieuse des lignes de conduite fondamentales qui présidaient au développement.

La crise des années trente a marqué le premier arrêt véritable du progrès dans l'Ouest. Si toutes les régions du Canada en ont souffert, c'est néanmoins l'Ouest qui a été le plus durement éprouvé. Sa prospérité se fondait sur des assises trop étroites et elle était presque entièrement à la merci de la conjoncture mondiale. Les gouvernements commençaient seulement alors à prendre les mesures initiales pour surmonter des catastrophes économiques de ce genre et il s'est produit peu de choses au cours de ces années qui auraient pu modifier la situation fondamentale de l'Ouest ou les politiques qui étaient censées déterminer le développement.

La brève prospérité des années de la Seconde Guerre mondiale a atténué le problème pendant un temps et, depuis lors, les hauts et les bas se sont succédé, mais l'o-

rientation traditionnelle est demeurée, dans son ensemble, le fondement de la politique. De nombreux rajustements et changements ont été effectués pour tenter de stabiliser les prix et les revenus, pour tenir compte des nouvelles ressources que l'on commençait à exploiter dans l'Ouest, pour appuyer le rôle de l'Ouest en tant que principal centre de l'aménagement des ressources au Canada, blé, pétrole, bois d'œuvre, mais ces rajustements ont souvent été, il faut le reconnaître, plus ou moins improvisés suivant les circonstances et non fondés sur une conception nouvelle du rôle de l'Ouest dans le Canada.

Les orientations traditionnelles sont encore, pour une large part, très profitables à l'Ouest du Canada. Le gouvernement du Canada continue de donner son appui à la construction de nouveaux chemins de fer, de nouveaux pipe-lines, à l'aménagement de nouveaux ports ainsi qu'à la mise sur pied de services de transport par air. Ses travaux de recherche contribuent toujours à l'efficacité de l'exploitation des ressources. Les rapports qu'il entretient avec les autres pays permettent de recruter des acheteurs pour les produits canadiens sur les marchés mondiaux. Ces initiatives ont concouru à l'édification de tout le Canada, mais elles ont eu une portée particulière dans l'Ouest. Au cours des dix dernières années, par exemple, la population, l'emploi et la production se sont accrus plus rapidement dans l'Ouest que dans l'ensemble du Canada.

Ces avantages impressionnants relèguent cependant dans l'ombre les nombreux problèmes réels qui doivent être surmontés dans l'Ouest. Ces problèmes se sont imposés au gouvernement de la manière la plus aiguë à l'occasion des consultations et des études des derniers mois. L'Ouest a eu beaucoup de choses à nous dire. Si la croissance et la prospérité de l'Ouest dans son ensemble ont été assez bonnes par comparaison au reste du Canada, ni l'une ni l'autre n'ont été réparties également. Le développement de l'Ouest du Canada s'est aussi accompagné de changements profonds: les agriculteurs, les mineurs, les bûcherons et les pêcheurs ont progressivement accru leur production, ce qui a augmenté leurs revenus; d'autres se sont trouvés assez libres pour aller travailler dans les villes et sur le littoral, dans des industries nouvelles et en évolution. Le changement a apporté des avantages évidents, mais il a aussi occasionné des difficultés. La dépendance de l'Ouest à l'égard de l'extraction des matières premières, et celle des Prairies par rapport à l'agriculture, ont créé à la fois une impression de croissance et de stagnation et elles ont suscité deux contrastes saisissants: le premier, entre les agglomérations urbaines en pleine expansion d'une part et les régions rurales et les petites villes en régression de l'autre; le second, entre la croissance rapide de l'Alberta et de la Colombie-Britannique et la croissance lente de la Saskatchewan et du Manitoba.

La différence croissante entre les régions rurales et urbaines est manifeste partout dans l'Ouest, tout comme les situations auxquelles elle donne lieu à la fois dans les secteurs en évolution et en régression. Au Manitoba et en Saskatchewan, la population totale s'est accrue lentement, mais les grandes villes ont continué de se dévelop-

per. En Alberta, la population urbaine a augmenté de trois quarts de million en vingt ans, tandis que l'on trouve des milliers d'habitants de moins dans les régions rurales. En Colombie-Britannique, la concentration démographique dans les grandes agglomérations urbaines est telle qu'une réglementation d'ensemble de l'utilisation du territoire est jugée nécessaire. Dans les centres urbains, il y a nécessité d'assurer des logements convenables, des écoles, des services de santé, des loisirs et une gestion communautaire à une population qui augmente et évolue constamment. Dans les régions rurales, il a plutôt fallu s'employer à maintenir les services de base alors que la population diminuait.

Parallèlement à la migration des campagnes vers les villes, on observe des mouvements de population de la Saskatchewan et du Manitoba vers l'Alberta et la Colombie-Britannique, des régions agricoles vers les régions riches en pétrole, en minéraux et en forêts, une transition de la production primaire à la production de bois d'œuvre et de papier ainsi qu'au transport et aux services associés aux marchandises d'exportation. Tous ces faits ont certes engendré une nouvelle richesse économique, mais ils ont également laissé derrière eux des localités moins viables, de sorte que nombre de personnes âgées, qui auraient préféré y demeurer, se sont vu forcées d'aller ailleurs afin d'obtenir tous les services communautaires qu'elles voulaient et dont elles avaient besoin. De sorte également que de nombreux jeunes gens ont dû partir aussi afin de s'assurer un avenir convenable.

Et nombreuses sont les personnes que ces changements ont laissées pour compte et qui n'ont pas pu en profiter au moment où ils se sont produits. Je pense particulièrement aux autochtones des régions septentrionales de l'Ouest, et aussi du Nord de l'Ontario. Pour un grand nombre d'entre eux, les possibilités ont été fort restreintes, notre société n'ayant pas encore réussi à leur offrir suffisamment d'occasions d'emploi pour leur permettre de mener une vie satisfaisante. C'est là un problème national, mais il est encore plus particulier à l'Ouest et il peut fort bien être le plus difficile à résoudre à cause des différences de race, de culture et d'antécédents qui entrent en ligne de compte.

La dépendance historique de l'Ouest à l'égard des industries extractives, de l'agriculture ainsi que des industries minières et forestières a engendré une société qui compte plus qu'elle ne le souhaiterait sur les autres pour les capitaux d'expansion, pour les approvisionnements et pour les marchés. Étant donné la concentration de la production dans un nombre restreint de secteurs, dans certaines régions, les changements sur les marchés internationaux pourraient avoir pour effet soit de détruire des localités entières, soit d'assurer leur essor. Par ailleurs, le fait qu'on dépende largement, dans l'Ouest, des transports et des communications, signifie que certains différends qui ne l'intéressent que de loin ou qui lui sont étrangers risquent de le toucher sérieusement. Et comme le développement exige de plus en plus de capitaux destinés à être investis dans des actions de sociétés, nombreux sont les Canadiens de l'Ouest qui ont l'impression que le contrôle de leur économie leur échappe progressi-

vement. Parallèlement, il semble que cette dépendance croissante à l'égard de facteurs externes, de décisions prises ailleurs, ait provoqué, chez nos concitoyens de l'Ouest, le sentiment qu'ils ont trop peu l'occasion d'orienter leur propre destinée, de participer à l'élaboration des politiques qui intéressent tout le Canada.

Ces dernières années, le gouvernement fédéral a entrepris des études au sujet des problèmes de toutes les régions du Canada et il a concentré son attention de façon particulière au cours des derniers mois sur les problèmes propres à l'Ouest. Ces études l'ont convaincu, comme il en a été fait mention plus haut, que les solutions *ad hoc* n'ont pas été suffisantes, et qu'une réorientation importante s'impose. Au cours de cette même période, certaines tendances du développement mondial se sont précisées et il semble maintenant que nous pourrions modifier sensiblement notre stratégie de développement du Canada.

Nous sommes tous conscients de l'importance économique croissante des pays de la région du Pacifique, des progrès rapides des techniques mondiales et de la demande accrue de denrées alimentaires et de matières premières. L'importance croissante du Japon, d'une grande partie de l'Asie de l'Est et du Sud, de même que de l'Australie, la réintégration de la Chine dans l'économie mondiale, et le glissement progressif de l'activité économique du Nord-Est des États-Unis vers l'Ouest sont autant de facteurs qui orientent le commerce du Canada vers l'ouest.

Les statistiques relatives à la croissance en Asie particulièrement sont impressionnantes. Au cours des années soixante, alors que la production par personne au Canada augmentait de 3.6 p. 100, la production nationale au Japon et en Corée, par exemple, progressait à deux et trois fois ce rythme. Depuis que nous avons établi des relations diplomatiques avec la Chine continentale, il y a trois ans, ce pays est devenu un débouché de plus en plus important pour nos exportations. Voilà un grand pays où l'accroissement démographique annuel égale presque la population totale du Canada et où s'ouvrent incontestablement des marchés élargis pour notre agriculture, pour notre industrie et pour notre commerce. Le taux de croissance dans d'autres régions de la zone littorale du Pacifique est tout aussi saisissant.

Si les réalisations des années soixante ont été impressionnantes, les perspectives pour la prochaine décennie sont encore plus importantes pour le Canada. Des prévisions fiables indiquent qu'entre 1975 et 1985, la population de l'Asie augmentera, proportionnellement, aussi rapidement que celle de l'Amérique du Nord. On prévoit que, pendant la même période, le rythme d'expansion de l'économie de l'Asie s'accroîtra de 30 p. 100. Le manque de ressources naturelles, ou l'épuisement graduel de ces ressources dans de nombreuses régions du monde, augmentent déjà la valeur de nos propres ressources, tout en nous donnant l'occasion de rechercher des débouchés plus nombreux sur les marchés mondiaux pour les produits que nous fabriquons et, ce qui est plus important encore, d'accroître notre production manufacturière.

Parallèlement, l'évolution rapide des techniques a modifié notre conception traditionnelle de la localisation de

l'industrie manufacturière. Les nouveaux modes de transport, certains à peine développés, les moyens modernes de communication instantanée, les techniques nouvelles de gestion et de contrôle des grandes entreprises, toutes ces innovations offrent une variété de choix imprévisible encore il y a quelques années.

Le monde dans lequel le Canada œuvrait jadis à son développement disparaît peu à peu. Il n'est plus essentiel à notre survie nationale de fonder notre activité économique sur une base industrielle unique au centre du pays et une région périphérique riche en ressources. Les perspectives qui s'offrent au Canada dans le monde devraient nous permettre de passer à une nouvelle phase de notre développement dont l'objectif sera de rechercher une économie équilibrée et diversifiée pour toutes les régions du pays. Si cette évaluation des perspectives du Canada est juste, à plus forte raison elle donne la mesure véritable de l'avenir de l'Ouest, car là se trouvent non seulement d'immenses ressources attendant d'être exploitées et transformées, mais aussi la région tout indiquée pour répondre aux besoins qui se manifestent en direction ouest pour le développement mondial.

Les exigences matérielles occasionnées par l'avancement des techniques, la forte demande de produits de consommation engendrée par un niveau de vie plus élevé et les ressources nécessaires aux pays qui s'industrialisent en bordure du Pacifique font porter l'attention sur les ressources canadiennes qui se trouvent concentrées dans l'Ouest. La demande de combustibles, de produits agricoles et forestiers ainsi que les moyens financiers voulus pour les acquérir augmentent. Les tendances récentes des prix du pétrole et du gaz fournissent un exemple probant de l'amélioration des marchés qui s'offrent à nos régions qui peuvent fournir ces ressources. Notre manière d'envisager la plus grande ressource de l'Ouest, ses terres agricoles, évolue aussi. La «révolution verte» avait laissé entrevoir la possibilité que les pays en voie de développement arriveraient à pouvoir subvenir à leurs propres besoins alimentaires, ce qui aurait diminué la demande de céréales de l'Ouest. En réalité, ce n'est pas ce qui s'est produit. La révolution industrielle au Japon, à Taiwan, en Corée et ailleurs a haussé les revenus, modifié les goûts et accru la demande de biens. Les céréales canadiennes et les dérivés de viande semblent bénéficier maintenant des perspectives d'exportation favorables à long terme pour les produits de qualité supérieure. Le nouveau consommateur asiatique veut, ou demandera, non seulement du riz, mais aussi du blé, de l'orge, du porc et du bœuf.

Le producteur canadien de l'Ouest doit avoir—et il aura—les moyens d'augmenter sa production pour répondre à ces nouvelles demandes et conserver sa position concurrentielle sur ces marchés. Nous devons par conséquent rechercher des orientations nationales qui appuieront les efforts conjugués des gouvernements fédéral et provinciaux en vue d'équilibrer et de diversifier l'économie de l'Ouest. Il serait utile alors de confronter cet objectif avec les problèmes actuels de l'Ouest et, parallèlement, d'examiner les éventuelles difficultés à surmonter.

En ce qui concerne les problèmes, la nouvelle formule que nous proposons ne constitue évidemment pas une panacée. Les difficultés sont là, en effet, bien réelles, profondément enracinées, impossibles à éliminer d'un simple coup de baguette magique. En revanche, si nous travaillons à l'édification de cette économie mieux équilibrée et plus diversifiée, nous œuvrerons en même temps pour la solution de multiples problèmes urgents dans l'Ouest. La transformation des produits agricoles pourrait se faire sur une plus grande échelle dans de nombreux centres des Prairies, aidant ainsi à endiguer l'exode des populations. Le nombre total des salariés du secteur agricole aurait alors des chances de s'accroître, ce qui permettrait de jeter les bases d'une saine économie rurale. La transformation plus poussée d'autres ressources favoriserait l'implantation de nouveaux centres industriels ou le relèvement de nombreuses petites villes de l'Ouest qui, à l'heure actuelle, dépendent souvent d'une industrie unique.

S'il est toujours difficile d'assumer de nouvelles conditions de vie, l'adaptation devient plus facile en période de prospérité générale, lorsque l'éventail des options est ouvert. Le développement et la diversification de l'économie de l'Ouest pourraient alléger les contraintes liées au changement et offrir un plus vaste choix aux individus et aux familles, particulièrement à celles qui, à cause des enfants, aimeraient rester dans leur région tout en ayant des possibilités d'emploi vraiment intéressantes.

Il semble donc qu'il vaille la peine de lutter pour cet objectif. Nul doute que les possibilités existent, mais il y a de nombreux obstacles à franchir. Nous ne devons pas oublier que nous avons là un pari difficile à tenir et qu'il faudra nous organiser si nous voulons que ces possibilités se réalisent pleinement. Nous savons tous que l'essor de l'économie, dans les pays de la région du Pacifique, repose en partie sur le faible coût de la main-d'œuvre et que ces pays ne sont pas nécessairement disposés à assumer les mêmes prix de revient que le secteur secondaire canadien, aussi longtemps qu'ils pourront trouver d'autres fournisseurs de matières premières—et il en existe—en Indonésie, en Russie d'Asie et en Australie pour l'énergie et les minéraux, en Australie, en Nouvelle-Zélande et en Argentine pour les produits agricoles. Nous sommes en concurrence avec le monde; nous devons donc penser et agir en conséquence.

La nouvelle technologie est à double tranchant. L'accroissement de la productivité réduit souvent la main-d'œuvre industrielle dans la mesure même où d'autres chances d'emploi se présentent. L'apparition de nouveaux moyens de transport peut être à l'avantage aussi bien de l'expéditeur que du destinataire. Lorsque des données s'obtiennent simultanément à Winnipeg et à Toronto et qu'un voyage en avion se fait en quelques heures, telle entreprise n'aura peut-être plus besoin d'avoir un directeur régional et un personnel dans l'Ouest, et son entrepôt de l'Ouest sera peut-être déficitaire. Nous sommes tous conscients de cette situation. Il nous faudra en tenir compte lorsque nous traiterons avec les autres pays. Au Canada même, nous devons veiller à ce que les progrès techniques ne soient pas détournés dans le sens du renforcement d'éventuelles tendances visant à centraliser—

inutilement—l'activité industrielle ou la prise des décisions en dehors de la région où elles devraient logiquement avoir lieu.

Nous devons également envisager nos orientations, non pas dans l'intention de priver une partie du pays au profit d'une autre, mais dans l'intention d'assurer à toutes les régions la possibilité, avec le plein appui du gouvernement fédéral, de donner leur mesure.

Au cours de cette conférence, nous examinerons, dans cet esprit, toute une série de politiques et de programmes nationaux. Le gouvernement fédéral a déjà trouvé, grâce à ses études, bien des domaines où il faudra réaménager les politiques si nous voulons que, précisément, l'Ouest donne sa mesure. Ces réaménagements ne nuiront en rien au reste du Canada. Au contraire, le pays tout entier devrait profiter de l'aide qui aura été accordée à l'Ouest pour lui permettre de réaliser ses possibilités. Raffermissons le rôle essentiel d'animateur joué de tout temps, au Canada, par l'Ouest, dans le domaine de l'imagination et des idéaux comme dans celui de la croissance et de l'innovation, c'est élargir les perspectives d'avenir et les possibilités d'épanouissement de tous les Canadiens.

LES QUATRE OBJECTIFS

Dans le cadre de l'objectif tendant à assurer une économie équilibrée et diversifiée à toutes les régions, nous avons étudié un large éventail de politiques et de programmes fédéraux se rapportant aux grandes questions à l'ordre du jour de cette conférence. Ce faisant, nous avons cru bon de fixer pour l'Ouest les quatre objectifs principaux qui suivent:

1. Élargir l'éventail des possibilités d'emploi;
2. Tenter de stabiliser les revenus;
3. Assurer à l'Ouest une plus grande participation à l'élaboration des politiques nationales;
4. Tenter d'atteindre les trois premiers objectifs en tenant compte des sentiments individuels.

Ces objectifs ont un rapport direct, croyons-nous, avec les nombreuses questions importantes que la Conférence va examiner.

1. Élargir l'éventail des possibilités d'emploi

Le premier objectif consiste à élargir l'éventail des possibilités d'emploi. Une plus grande diversification des emplois entraîne celle des groupes sociaux et des modes de vie. De plus, les groupes comme les particuliers peuvent compenser les risques qui découlent d'une forte concentration dans le secteur agricole, les ressources non renouvelables ou l'exportation. En étendant le développement de l'Ouest, on disposerait d'une assurance à plus long terme, étant donné que les ressources non renouvelables s'épuisent au cours des ans. La réalisation de ce premier objectif permettrait à l'Ouest de mieux prendre en main sa destinée et le préparerait mieux à participer à l'essor global du Canada.

Pour sa part, le gouvernement fédéral est prêt à étudier une politique concernant la transformation plus poussée des produits d'exportation canadiens. C'est là un domaine au sujet duquel nous avons récemment pris un engagement important, mais où la réussite dépend de la participation provinciale à l'élaboration des objectifs visés et de la collaboration entière et continue de toutes les provinces à leur réalisation.

La récente proposition fédérale d'établir un nouvel organisme de prêt et de développement pour les petites entreprises aura une portée particulière dans l'Ouest. Cette initiative suscitera de nouvelles perspectives d'emploi en aidant les petites entreprises à se prévaloir de nouvelles possibilités.

L'expansion économique repose encore sur un système de transport complet et souple. Certes, la Loi nationale sur les transports prévoit les dispositions nécessaires à cette fin, mais nous avons maintenant la conviction que nous devons faire preuve d'une plus grande vigilance si nous voulons que l'esprit en soit observé. Nous ferons d'importantes propositions concernant les tarifs du fret, les routes et les travaux de la Commission canadienne des transports, et aussi sur la façon dont le gouvernement fédéral et les provinces pourraient collaborer à l'avenir à la solution des problèmes qui se posent dans ce domaine.

2. Tenter de stabiliser les revenus

Le deuxième objectif consiste à tenter de stabiliser davantage les revenus. Une des grandes préoccupations de la plupart des Canadiens, c'est d'avoir un revenu juste et régulier. Or, cette question devrait occuper une place importante dans nos programmes concernant l'Ouest. Peut-être les habitants des provinces de l'Atlantique se demandent-ils souvent, en considérant les revenus moyens de l'Ouest, ce qui ne va pas. A l'Ouest, on leur répondrait que moyenne et réalités de la vie sont deux choses différentes et que les seules statistiques ne masquent qu'un trop grand nombre de problèmes. Les intempéries, les marchés internationaux et les conflits du travail qui surgissent bien au-delà de l'Ouest y ont leurs répercussions: d'une année à l'autre, les particuliers ignorent quel sera leur revenu ou s'ils auront encore un emploi. Tout en ayant souvent fait figure de chefs de file dans la redistribution des revenus, grâce à leur politique sociale, les provinces de l'Ouest mettent peut-être l'accent sur les politiques visant à susciter une activité et des perspectives économiques suffisantes pour que tous ceux qui sont en mesure de le faire puissent gagner la part qui leur revient. Le gouvernement du Canada est disposé à collaborer avec les provinces à la recherche d'une structure plus stable des revenus.

Dans ce contexte, les propositions fédérales concernant l'agriculture, par exemple, ont pour objet d'aider à stabiliser les revenus provenant de certaines grandes cultures et de trouver d'autres sources de revenu en diversifiant les cultures, en favorisant la transformation plus poussée des produits et la création de nouveaux marchés. A l'intention des régions en déclin, nos gouvernements ont déjà commencé à élaborer ensemble une action coordonnée

visant à accroître les possibilités d'emploi et à stabiliser les revenus. Le gouvernement fédéral est disposé à s'engager encore davantage à travailler dans ce sens au cours de cette conférence.

Nous nous proposerons d'accorder une attention particulière aux régions septentrionales de l'Ouest, où les fluctuations de la demande de produits traditionnels ont des effets plutôt pénibles et où le manque de possibilités d'emploi convenables est particulièrement grave.

3. Assurer à l'Ouest une plus grande participation à l'élaboration des politiques nationales

Notre troisième objectif, à savoir une plus grande participation pour l'Ouest, nous a été suggéré par des propos souvent entendus dans cette région, où la stabilité et la croissance des revenus permettraient à la population de détenir une plus grande part dans ses ressources et, en conséquence, d'avoir davantage voix au chapitre dans l'orientation de leur exploitation. Une économie plus diversifiée permettrait à l'Ouest de mieux déterminer sa place dans l'avenir de notre pays. Sa voix serait plus forte, plus claire, et elle se ferait mieux entendre à l'échelle nationale. Nos institutions économiques, sociales et politiques doivent, à cette échelle, être mieux informées des aspirations et des perspectives régionales, y être plus sensibles.

Pareille évolution pourrait contribuer à la solution. A elle seule, elle n'en resterait pas moins insuffisante. Il est évident que l'Ouest a fortement influencé l'ensemble du Canada au cours des ans. Pourtant, la géographie du Canada et le sentiment, manifeste chez tant d'habitants de l'Ouest que le gouvernement fédéral est trop éloigné et trop insensible aux besoins régionaux, nous obligent à faire tout notre possible pour que se réalisent cette plus grande participation de l'Ouest, cette plus grande compréhension mutuelle. Il ne sera pas facile de trouver une solution à ce problème fondamental, qui ne peut d'ailleurs pas se régler du jour au lendemain. Nous avons certaines propositions à faire, et nous nous tenons prêts à étudier les suggestions que les autres délégations voudront bien présenter au cours de la conférence.

Pour notre part, nous proposerons, par exemple, de nouveaux moyens d'assurer que l'Ouest participe davantage à l'élaboration de la politique nationale dans certains domaines, dont ceux des tarifs, des transports et de l'industrie. De plus, nous croyons que le nouveau rôle de coordonnateur joué par le ministère de l'Expansion économique régionale permettra, dans les cas où d'importantes possibilités de croissance sont en jeu, d'adapter les programmes nationaux du gouvernement fédéral aux besoins régionaux. La tâche de ce ministère consistera en grande partie à appuyer les stratégies de développement régional et provincial, et à décentraliser son activité. De plus, dans une région où l'initiative fédérale ne peut qu'imprimer une impulsion, nous présenterons un nouveau cadre pour la création d'institutions financières régionales afin d'aider à trouver des sources de capitaux en rapport avec les besoins de la région et, inversement, de rendre les institutions nationales plus conscientes des possibilités régionales.

4. Tenir compte de l'individu

Notre quatrième objectif découle des trois premiers et les concerne tous. On jugera de la valeur de cette conférence et des initiatives qui y seront prises sur la façon dont nous aurons réussi, ensemble, à élargir l'éventail des choix offerts à chaque Canadien dans l'Ouest. Notre objectif commun, à cet égard, est d'ouvrir les perspectives; nous ne saurions garantir aucun résultat précis. Nous pouvons tenter d'améliorer le milieu urbain pour que ceux qui voient leur avenir dans les grandes villes puissent y trouver à la fois des possibilités économiques et sociales accrues; offrir un mode de vie urbaine dans les petits centres de l'Ouest pour que les équipements et les services urbains, ainsi que toutes les possibilités d'une vie culturelle diversifiée, soient plus accessibles à tous; aider, enfin, les agglomérations rurales viables qui pourraient offrir un véritable choix entre la vie urbaine et le désir de se suffire à soi-même en milieu rural.

Nous devons, en particulier, nous intéresser à l'avenir de l'exploitation agricole familiale. Il est trop facile d'oublier, dans notre recherche d'une efficacité maximale, que les progrès considérables accomplis au Canada, au fil des ans, dans le domaine de l'agriculture sont, pour une très grande part, l'œuvre d'innombrables familles de cultivateurs qui ont consacré leur énergie et leurs talents à cette tâche. Leur esprit a eu, et il continue d'avoir, non seulement une valeur sociale, mais encore une valeur économique effective.

Dans l'ensemble, lorsque nous modifions nos grandes orientations pour tirer parti des perspectives offertes, nous devons admettre que, bien souvent, nous favorisons des changements qui auront des répercussions sur la vie d'un grand nombre de personnes. Les changements effectués dans le passé ont souvent eu, par exemple, de redoutables conséquences pour la vie rurale. L'un des grands paris que nous avons à tenir, en qualité de représentants du peuple, c'est de trouver le moyen de susciter l'expansion tout en faisant le maximum pour conserver ce qui, dans notre mode de vie, vaut de l'être, et en adoucissant les effets du changement.

Voilà donc les quatre objectifs proposés comme cadre d'étude concernant les initiatives à prendre en matière de politiques et de programmes, dans le vaste contexte d'une nouvelle stratégie de développement national. Ces objectifs, on l'espère, tiennent pleinement compte des besoins de l'Ouest. Nous avons hâte de connaître les opinions des Premiers ministres provinciaux à leur sujet. Quant à nous, nous sommes convaincus que l'ensemble des Canadiens les jugera acceptables. Dans le cadre de ces objectifs et des importants sujets inscrits à l'ordre du jour de la conférence, nous espérons pouvoir examiner ensemble les nombreuses options que les gouvernements fédéral et provinciaux ont proposées ou proposeront pour l'Ouest, et parvenir à des décisions dont les avantages se feront longtemps sentir.

Malgré l'urgence de la situation dont nous sommes tous conscients, nous avons dû fixer des objectifs à long terme précisément parce qu'ils sont fondamentaux. Leur réalisation ne se fera pas d'un jour à l'autre. Néanmoins, les mesures dont nous conviendrons ici, à Calgary, nous placeront sur la bonne voie. C'est par ces accords que nous pourrions exprimer le sentiment d'urgence que nous éprouvons.

Le seul fait qu'il s'agisse d'objectifs fondamentaux, aux répercussions à long terme, suppose que le gouvernement fédéral s'engage avec fermeté à collaborer énergiquement avec les provinces à leur réalisation. Notre engagement vise une participation de longue haleine. Ni les provinces ni le gouvernement fédéral ne sauraient, à eux seuls, parvenir au but. Ensemble, avec la participation de la population de l'Ouest et du Canada tout entier, l'entreprise est possible. Il va sans dire que nous ne pourrions pas, au cours de cette conférence, traiter à fond de tous les problèmes qui seront cernés et examinés. Nous sommes cependant convaincus que nous ferons d'importants progrès. Ils le seront d'ailleurs encore si, dès le début, nous nous engageons à continuer à travailler ensemble et à nous concerter au niveau de la planification comme à celui de l'action au plus grand profit des citoyens et de la population de l'Ouest et pour l'avenir de notre pays.

TRANSPORTS

Présenté conjointement par

L'honorable ALLAN BLAKENEY, *Premier ministre de la Saskatchewan*

L'honorable DAVID BARRETT, *Premier ministre de la Colombie-Britannique*

L'honorable EDWARD SCHREYER, *Premier ministre du Manitoba*

L'honorable PETER LOUGHEED, *Premier ministre de l'Alberta*

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LE PROBLÈME

Aucun problème particulier n'a été aussi omniprésent auprès des responsables du Canada historiquement que celui des transports. Un de ces problèmes fut la création de transports appropriés lors de l'entrée des provinces atlantiques dans la Confédération. Il fut aussi inclus dans l'accord qui amena la Colombie-Britannique à faire partie de ce pays. Il fit partie des conditions exigées par Louis Riel lorsqu'il tentait d'intéresser le pouvoir au sort de son peuple. Depuis le début du siècle, le Canada a nommé, en

moyenne une fois par décennie, une Commission royale chargée d'examiner et si possible de résoudre les problèmes des transports du pays. Cette méthode s'est soldée par un échec.

Le réseau ferroviaire fut développé dans le but d'unifier et de faire progresser la nation. Ce réseau traversait une région s'étendant de l'est déjà habitée à la côte pacifique, territoire riche en ressources et possibilités auquel manquaient population et capital. A cette époque, dans l'intérêt du Canada et des transporteurs, on développa des taux afin de transporter hors de cette région des matières pre-

mières et d'y apporter des produits manufacturés. Ces taux variables, qui naquirent avec le monopole historique des chemins de fer, existent encore aujourd'hui. Une politique nationale des transports qui favorise le développement régional est indispensable si l'on désire modifier le système des transports afin de faire face aux besoins de l'Ouest.

En plus des taux variables, la politique fédérale visant à faire payer le coût des transports par l'utilisateur, même lorsqu'ils sont subventionnés publiquement, ne s'applique pas de manière égale à tous les moyens de transport. Les utilisateurs doivent absorber des proportions différentes des coûts des voies ferrées, fluviales et aériennes. Les utilisateurs des chemins de fer paient la proportion la plus élevée de ces coûts de telle sorte qu'il en résulte une compétition faussée.

Le principe sous-entendu de la Loi sur les transports nationaux de 1967 est de compter sur la compétition entre transporteurs pour contrôler les prix. Le manque de compétition dans certaines régions de l'Ouest donne aux chemins de fer un monopole certain, et aboutit à des politiques tarifaires qui constituent un obstacle majeur au développement et à la diversification économique. Ceci n'implique pas que l'augmentation de la compétition seule résoudrait les problèmes de transport des provinces de l'Ouest.

Les problèmes de transport qui gênent le développement économique sont complexes. On peut les classer en coût de transport pour l'utilisateur, en tarifs et en services compétitifs. Une interdépendance doit exister entre les politiques fédérale, provinciale et celle des transporteurs afin d'arriver à un système qui ne décourage pas le développement régional et considère équitablement tous les moyens de transport. Une telle politique devrait mener à un système de transports viable et capable d'innovations afin de faire face aux exigences des économies canadienne et des provinces de l'Ouest.

Les problèmes tarifaires influent sur la viabilité et le développement potentiel de l'industrie dans n'importe quelle région. Les problèmes spécifiques suivants doivent être considérés immédiatement:

(1) Contribution fédérale aux coûts à terme des transports

Le président de la Commission canadienne des transports estime, qu'en moyenne, les usagers du rail paient environ 80% des coûts à terme, alors que les usagers des transports aériens et par voie d'eau ne paient que 20% des mêmes coûts.

(2) Tarifs applicables aux matières premières et aux produits finis

Les compagnies de chemins de fer fixent de nombreux tarifs selon la valeur des objets transportés. Des tarifs plus élevés sont donc appliqués aux produits manufacturés, comparés aux matières premières. Ces différences tarifaires favorisent souvent le flot de matières premières vers l'étranger et se traduisent par des pertes d'emploi au Canada et un retard dans l'industrialisation.

(3) Groupements tarifaires

De nombreuses communautés situées au centre du Canada se regroupent à des fins tarifaires et sont alors considérées comme un seul endroit. Cette pratique encourage le développement des petits centres. En général, les plus petites villes de l'Alberta, de la Colombie-Britannique, du Manitoba et de la Saskatchewan ne peuvent profiter de cet avantage.

(4) Augmentations horizontales de pourcentages

Les tendances inflationnistes ont occasionné des augmentations tarifaires. La cause principale de l'augmentation des coûts de fonctionnement des chemins de fer étant due aux opérations exigeant un nombreux personnel aux terminus, la technique du pourcentage horizontal utilisée pour calculer ces augmentations a accru de façon disproportionnée le fardeau supporté par le trafic non compétitif de l'Ouest.

(5) Discrimination entre transport à longue distance et transport à courte distance

Dans certains cas, des tarifs plus élevés sont pratiqués sur de courtes distances. Cette pratique affecte sérieusement la distribution à l'intérieur d'une région ainsi que la viabilité des industries régionales.

(6) Accès aux ports et à leurs aménagements

L'accès aux ports et leurs aménagements sont insuffisants pour faire face aux besoins croissants des mouvements de marchandises des provinces de l'Ouest.

(7) Taxes fédérales sur les ventes

Les taxes fédérales sur les ventes s'appliquent au coût du transport des produits bruts en provenance de l'Est et destinés aux manufacturiers de l'Ouest alors qu'elles ne s'appliquent pas aux coûts du transport des produits finis.

La conférence sur les perspectives économiques de l'Ouest a été créée à la demande du gouvernement fédéral «afin d'examiner spécifiquement des programmes concrets susceptibles de stimuler et d'élargir les bases économiques et industrielles de l'Ouest du Canada». Un des moyens les plus spectaculaires et efficaces d'y arriver consiste pour le gouvernement fédéral à s'engager dans une nouvelle politique des transports afin de corriger les injustices mentionnées plus haut et ainsi stimuler et élargir les bases économiques et industrielles de l'Ouest du Canada. Ceci contribuera grandement à faire de l'Ouest une région réalisant pleinement son potentiel à l'intérieur de la Confédération pour le bien de tous les Canadiens. Des programmes concrets et une nouvelle politique des transports sont une conclusion essentielle de cette Conférence.

PROPOSITIONS

Les quatre Premiers ministres des provinces de l'Ouest font les propositions suivantes afin de corriger ces injustices.

(1) Modifications de la politique nationale des transports

Une politique nationale doit admettre qu'un système de transports efficace et adéquat, utilisant de façon optimale tous les moyens de transports disponibles, est essentielle au bien-être économique et social du Canada et de ses diverses régions. Une politique nationale des transports doit admettre qu'actuellement la compétition joue de manière différente suivant les diverses régions du Canada et selon l'importance des utilisateurs des services offerts par les transports. Le développement de l'Ouest du Canada est donc gêné par l'absence de directives positives et la discrimination inhérente au système des tarifs du fret tel qu'il existe présentement.

L'article 3 de la Loi sur les transports nationaux devrait être reconsidéré afin de faire du développement économique régional l'un des objectifs de base de la politique nationale des transports.

(2) Révélation des coûts

Une révélation totale des coûts de tous les moyens de transport devrait être opérée afin d'évaluer l'échelle tarifaire actuelle et développer un système juste de tarifs.

Pour s'assurer qu'une telle information soit évaluée en fonction des exigences régionales, il est proposé que le gouvernement fédéral et les gouvernements des quatre provinces de l'Ouest créent un «Organisme d'évaluation des transports de l'Ouest» qui sera situé à l'Ouest du pays. Cet organisme évaluerait les causes des coûts et examinerait l'effet des tarifs, règlements et aménagements sur l'économie régionale. Il serait responsable devant un «Comité de décision des transports de l'Ouest du Canada» composé de Ministres des quatre gouvernements des provinces de l'Ouest et du gouvernement fédéral. Ce Comité formulerait des critères régionaux afin de prendre des décisions et isolerait certains districts à des fins d'évaluation et de recherche.

(3) Fixation des prix en vue du développement régional

Les renseignements obtenus sur les coûts ne seront utilisables que si l'on adopte un point de vue nouveau sur la fixation des prix impliquant:

- a) une contribution fédérale aux coûts à terme et d'ensemble qui soit comparable pour tous les moyens de transport;
- b) l'établissement d'une nouvelle procédure de fixation des prix qui stimulera le développement économique de l'Ouest. Cette politique tarifaire sera mise sur pied immédiatement par l'«Organisme d'évaluation des transports de l'Ouest».

Les éléments du projet comprendront l'examen et le rapport auprès du «Comité de décision des transports de l'Ouest du Canada» des questions suivantes pour le 31 décembre 1973: 1) Propositions de tarifs équitables, 2) Propositions de tarifs liés à la destination et 3) autres propositions spécifiques pouvant être développées.

Tous les efforts seront faits pour protéger les industries locales de l'Ouest et pour s'assurer qu'aucune partie de l'Ouest du Canada ne soit indûment désavantagée par l'introduction de la nouvelle procédure tarifaire. Des études approfondies seront donc nécessaires avant d'introduire de nouvelles méthodes. Les tarifs ferroviaires destinés aux exportations devront être protégés et les tarifs statutaires destinés aux céréales maintenus. L'organisme d'évaluation des transports de l'Ouest supervisera l'introduction des nouvelles techniques tarifaires.

En plus de sa participation à l'élaboration de nouvelles procédures de fixation des prix, le gouvernement fédéral apportera son concours de la manière suivante:

a) Coûts à terme et d'ensemble des voies ferrées

Le gouvernement fédéral absorbera une partie substantielle des coûts en acquérant les droits de passage et le tracé de la voie ferrée. L'ensemble du réseau fera partie des voies publiques et la contribution fédérale sera amenée au niveau des coûts de tous les moyens de transport.

b) Compétition et droits conjoints d'opération

Le gouvernement fédéral créera un tracé ferroviaire public qui maintiendra la compétition entre les chemins de fer ou les transporteurs privés. La base de cette compétition trouvera sa source dans l'efficacité des opérations et les services disponibles. Des droits conjoints d'opération et la possibilité d'avoir des compagnies ferroviaires privées assureraient une compétition effective.

c) Groupements des tarifs ferroviaires

La protection et l'expansion des groupements tarifaires devront exister pour permettre la diversification des industries primaires et secondaires de l'Ouest.

d) Abandon de tronçons

Le Comité de décision des transports de l'Ouest du Canada et l'Organisme d'évaluation des transports de l'Ouest s'occuperont de la rationalisation du réseau et de l'abandon de tronçons. Ils veilleront à ce que des consultations aient lieu aux niveaux fédéral et provincial avant que les changements possibles prennent place. Ces organismes devront s'assurer que:

- (i) les critères d'abandon tiennent compte des coûts qui en résulteront pour les personnes, organisations ou gouvernement et pas simplement de l'économie réalisée par les chemins de fer.
- (ii) les programmes prévoient des compensations pour les individus et les gouvernements muni-

cipaux et provinciaux au cas où des services de remplacement se révéleraient plus onéreux.

- (iii) l'abandon d'une ligne vraiment indispensable ne se fasse que selon un calendrier préalable-ment établi.

(4) Ports et amélioration des aménagements en vue du trafic côtier

La politique du gouvernement fédéral devrait viser à créer de nouveaux aménagements et à rénover ceux qui existent afin de pouvoir faire face à l'augmentation du mouvement des marchandises de la région. Le gouvernement fédéral, afin d'appliquer une telle politique, devra entreprendre les mesures nécessaires, en accord avec les provinces, au développement des ports de la région de Vancouver, de Prince Rupert et de Churchill. De plus, il faudra réorganiser l'Office national des ports afin de mieux représenter les besoins de la région.

L'Ouest canadien demande que des aménagements portuaires soient développés dans des endroits tels que Prince Rupert, Colombie-Britannique et Churchill, Manitoba:

a) Prince Rupert

- (i) Les facilités portuaires situées à Fairview près de Prince Rupert doivent posséder des aménagements destinés aux marchandises d'intérêt général, aux produits forestiers et aux autres produits de l'Ouest canadien. La planification d'un tel développement est maintenant terminée et des appels d'offre ont été émis afin de préparer l'emplacement prévu. La remise des contrats n'attend plus que l'accord du Conseil du Trésor fédéral.

Les quatre Premiers ministres des provinces de l'Ouest demandent instamment que le Conseil du Trésor approuve ces dépenses afin que les travaux puissent commencer immédiatement.

- (ii) Les quatre Premiers ministres des provinces de l'Ouest demandent également l'aménagement d'équipement permettant le chargement en vrac à Ridley Island, à moins que des études écologiques ne montrent un endommagement important de l'environnement.

b) Churchill

- (i) Dragage du port et du bassin, permettant un mouillage d'au moins 40 pieds de profondeur et renforcement et/ou construction de quais appropriés.
- (ii) Élévation du portique servant aux céréales en vue de charger de grands bateaux.
- (iii) Construction d'une chaussée ou d'une digue afin d'éliminer le problème de la glace fondante.
- (iv) Facilités de remorquage et de manutention des marchandises.
- (v) Création d'un centre de réapprovisionnement moderne à Churchill.

c) Accès aux ports

Afin d'améliorer l'adaptabilité du réseau ferroviaire de l'Ouest et d'éviter les encombrements dans la région où le rail rejoint la côte, le gouvernement fédéral devrait:

- (i) Construire un tronçon ferroviaire entre Ashcroft et Clinton afin de relier les réseaux du Chemin de fer de Colombie-Britannique à ceux du CN et du CP.
- (ii) Fournir une aide financière destinée à améliorer le Chemin de fer de Colombie-Britannique entre North Vancouver et Clinton dans le but de faire face à l'augmentation du trafic dirigé sur cet itinéraire.

DÉCISION CONCERNANT LES PROBLÈMES FUTURS DES TRANSPORTS

Eu égard à la complexité du sujet, les provinces ont essayé dans cet article de définir les problèmes en termes aussi simples que possible.

Cet article est le résultat des discussions approfondies qui ont pris place parmi les Ministres des quatre provinces de l'Ouest. Ces derniers possèdent d'autres données fondamentales et ne cherchent à obtenir à cette conférence que l'engagement du gouvernement fédéral vis-à-vis des propositions discutées plus haut.

Les provinces de l'Ouest se sont limitées dans cet article aux problèmes d'urgence priorité en tenant compte des impératifs de l'ordre du jour de cette conférence. D'autres problèmes de transport, aérien, routier et autres, ont été trouvés par les provinces, problèmes critiques en vue du développement économique régional de l'Ouest. Ces problèmes impliquent l'intervention du gouvernement fédéral. A cet effet, les Premiers ministres des provinces de l'Ouest demandent que le gouvernement fédéral poursuive la discussion sur les problèmes futurs au niveau ministériel au sein du Comité de décision des transports de l'Ouest.

CONCLUSION

Monsieur le Premier ministre, votre gouvernement a eu l'initiative de nous amener ici aujourd'hui. Nous en sommes très heureux et avons décrit dans cet article les problèmes prioritaires des transports qui exigent une solution immédiate, de façon aussi claire que possible, à votre intention et à celle de tous les Canadiens. Nous avons également énoncé les principes qui aideront à éliminer cet obstacle traditionnel à la croissance de l'Ouest du Canada.

Nous vous invitons maintenant à vous joindre à nous et à adopter ces principes de façon à ce que notre leadership et nos moyens à tous soient employés à développer un système de transports qui traitera équitablement toutes les régions du Canada et permettre à l'Ouest d'atteindre pleinement son développement à l'intérieur de notre nation.

LES TRANSPORTS

Le présent exposé a été préparé par le gouvernement du Canada pour la Conférence sur les perspectives économiques de l'Ouest, qui se tiendra à Calgary du 24 au 26 juillet 1973. Cette analyse constitue un document sur lequel pourront être basées les discussions des problèmes avec les provinces de l'Ouest et les principales propositions qui y seront présentées.

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INTRODUCTION

Les transports constituent un des éléments les plus importants dans l'ensemble absolument unique de facteurs qui ont façonné et développé l'armature sociale du Canada. Il s'agit essentiellement, bien sûr, d'une industrie de service, ayant à répondre, selon l'économie et les exigences du changement social, à la demande de la production et de la consommation. Dans ce contexte, l'industrie du transport peut être évaluée selon ses coûts et selon la qualité du service qu'elle assure. En même temps, les transports peuvent servir comme un des plus puissants instruments de développement régional tant au plan économique qu'au plan social. Il ne faut pas, évidemment, le considérer comme étant le seul instrument. Les orientations choisies dans les domaines de l'industrie, du commerce, de l'agriculture, des ressources minières et des finances peuvent se révéler plus efficaces et susciter des profits plus durables dans la poursuite des objectifs de développement que si on ne s'en tenait, de façon simpliste, qu'au seul instrument des transports. Avant d'utiliser les transports comme instrument d'une politique, il faut étudier tous les autres choix possibles et si on l'utilise, il devra s'harmoniser avec toutes les autres options.

Si l'on adopte le principe que les transports peuvent et doivent être utilisés, s'il y a lieu, comme instrument d'une politique de développement, ceci implique que les politiques de transport doivent répondre aux besoins avérés au point de vue social et économique. Ces besoins sont susceptibles de varier concurremment avec l'évolution de l'économie de la région. Il en découle qu'un système de transport adapté devra identifier sans cesse les nouveaux problèmes et rechercher les solutions appropriées. En somme, une politique de transports ne doit pas être figée et immuable, mais dynamique et sans cesse en recherche.

De plus, il y a le fait qu'au Canada la tâche de déterminer les besoins et les problèmes et d'élaborer des politiques et des programmes appropriés ne peut être laissée à un seul palier de gouvernement agissant isolément. Les décisions en matière de transport doivent se raccorder à d'autres options prises dans des domaines différents par le gouvernement fédéral comme par les gouvernements provinciaux. De plus, la législation relative à divers secteurs de l'industrie des transports relève d'instances distinctes. Il est, en conséquence, indispensable qu'une coordination et une harmonisation poussées des politiques fédérales et provinciales soient établies autant pour l'identification des problèmes que pour l'exécution des programmes.

«Efficacité» et «adaptation» sont les objectifs énoncés en matière de politique par la Loi nationale sur les transports de 1967.

L'idée d'«adaptation» suppose que les transports doivent être adaptés pour stimuler le développement économique et social dans un contexte national et régional à la fois. Ainsi, les buts et objectifs régionaux paraissent de plus en plus comme étant les critères pour déterminer si les transports remplissent convenablement leur rôle. Ceci exige implicitement que l'on se préoccupe du coût des transports pour les usagers, passagers, expéditeurs et consommateurs.

L'idée d'«efficacité» comporte deux préceptes reliés l'un à l'autre: en ce qui concerne la fourniture d'installations, la réglementation des activités ou les subventions à accorder aux services, équilibrer le mieux possible l'utilisation de tous les modes de transport viables (route, rail, eau, air et pipeline); et d'autre part, favoriser et non limiter, par les options choisies, les capacités de l'industrie ou de chacune de ses parties pour régler et abaisser les coûts, réunir des fonds d'investissement et tirer partie des nouvelles techniques.

Ces considérations fondamentales ont guidé le choix du plan suivi par le présent exposé. Un certain nombre de questions est passé en revue dans le cadre de l'ensemble des besoins et à la lumière des difficultés et des obstacles considérés par les provinces de l'Ouest comme retenant le développement socio-économique de l'Ouest. En autant que ces problèmes peuvent être clairement identifiés et évalués, on y présente une approche positive en vue de solutions concrètes. Cette étude se penche également sur les méthodes de réglementation fournies par la Loi nationale sur les transports.

LES TRANSPORTS: DIFFÉRENTS ASPECTS

Le transport est essentiellement un service. Comme tels, les politiques et programmes peuvent servir d'outil à la politique de développement régional mais, pour être efficaces, ils doivent correspondre à une série d'objectifs bien définis dans le domaine du développement économique et social. A ce titre, les initiatives et les orientations prises pour les transports doivent être confrontées à d'autres initiatives gouvernementales conçues pour promouvoir le développement régional.

En se préparant à la conférence sur les perspectives économiques de l'Ouest, le gouvernement fédéral a donc fait porter toute son attention sur les relations entre le secteur des transports et les divers secteurs de production qui contribuent au développement régional. L'annexe I ci-jointe, fait ressortir succinctement les divers modes des transports vis-à-vis des principaux secteurs de l'agriculture, du développement industriel et commercial et de l'exploitation des ressources naturelles. Cette annexe, tirée de documents plus détaillés, met en lumière le concept qui représente le thème essentiel de cet exposé, à savoir que l'utilisation des transports comme outil du développement régional atteint son maximum d'efficacité lorsqu'il répond spécifiquement aux objectifs mis au point et formulés dans ces secteurs et lorsqu'on l'emploie de façon complémentaire avec les autres outils dont on dispose pour concourir au développement régional.

Dans la pratique, le fonctionnement d'un système de transport comporte des ramifications complexes et variées. C'est avant tout un système fondé sur un équilibre délicat entre les différents modes de transport, rail, route, air, eau et pipeline, qui doivent se compléter et se concurrencer. Dans ce cadre général, l'évolution de la politique et des méthodes de réglementation a souvent des résultats dont le retentissement marqué n'est pas toujours positif ni limité à la région à laquelle on les destinait.

Ainsi par exemple, un programme conçu pour alléger les tarifs de transport en diminuant ou en ajustant les tarifs ferroviaires influera directement et considérablement sur l'industrie du camionnage ce qui peut, à son tour, faire tort à la situation de concurrence entre les deux modes, concurrence qui en elle-même est un facteur déterminant du niveau des taux de fret.

La situation des transports est rendue encore plus complexe par la gamme de responsabilités diverses qui caractérisent cette industrie, tant au niveau des juridictions qu'à celui de l'exploitation. En règle générale, les gouvernements se sont chargés d'assurer l'infrastructure qui comprend les aéroports, les ports, les routes et les services de contrôle en route, à l'exception toutefois du réseau ferroviaire national dans la mesure où sa construction et son entretien dépendent des compagnies de chemin de fer.

Les gouvernements sont également responsables de la réglementation. Dans ce domaine, le gouvernement fédéral est presque exclusivement responsable des transports aériens, ferroviaires, maritimes et des pipelines, tandis que les provinces sont essentiellement responsables des routes et des transports routiers.

L'exploitation directe des transports, la fourniture de la plupart des véhicules en particulier, incombent généralement au secteur privé. Là encore, la diversité fondamentale de l'industrie est démontrée par la présence de plusieurs grandes sociétés de la Couronne relevant à la fois des gouvernements fédéral et provinciaux.

Cette fragmentation, tant au point de vue des juridictions que de l'exploitation, rend difficile et complexe la recherche de la solution la mieux adaptée dans tous les cas. Fréquemment, les moyens d'intervention ne relèvent pas d'une législation unique ou d'un seul mode de transport particulier. Dans ce domaine, la résolution des problèmes serait grandement facilitée par l'établissement d'un mécanisme permettant aux gouvernements, à l'échelon fédéral et provincial de coordonner leurs actions afin d'éliminer ces contraintes juridiques, non seulement dans le domaine des transports mais encore dans d'autres secteurs se rattachant à l'objectif particulier en cause. Elle demande en outre de la part des exploitants du secteur privé un effort conscient d'adaptation.

Il faut considérer la politique nationale de transport comme étant une des pierres angulaires sur lesquelles repose la réalisation des objectifs visés dans le domaine des transports. Elle a été conçue comme instrument offrant une grande souplesse d'utilisation et pouvant s'adapter aux exigences régionales, exigences qui varient d'un bout à l'autre du pays selon l'état des ressources et l'évolution des secteurs agricoles et industriels. La diversité de ces besoins régionaux exige une concertation dynamique entre le gouvernement fédéral et les provinces, pour garantir non seulement la compatibilité des structures et des services mais aussi l'opportunité de leur mise en place de façon que les transports contribuent au maximum aux objectifs du développement régional.

En répondant aux soucis exprimés par l'Ouest en matière de transports, le gouvernement fédéral est obligatoirement contraint par la nécessité d'assurer une certaine compatibilité entre les politiques nationales et régionales, par les

réactions que suscite au niveau des régions le choix de nouvelles orientations, par le montant des dépenses de capital et des subventions à envisager et ce, en fonction des grandes priorités financières du pays. Néanmoins, le gouvernement fédéral croit que la politique nationale de transports peut et doit correspondre aux besoins régionaux.

TRANSPORTS: TENDANCES

a) Changements dans l'application de la politique et la réglementation fédérale en matière de transports

Les organisations fédérales qui s'occupent des questions de réglementation et de politique ont évolué au cours des trente dernières années afin de satisfaire aux besoins changeants des transports au Canada.

Avant 1938, la Commission des chemins de fer du Canada était le seul organisme fédéral s'occupant de la réglementation des transports au Canada. Jusqu'en 1938, la Commission s'est occupée exclusivement des questions ferroviaires puis, de 1938 à 1944, sous le nouveau nom de Commission des transports du Canada, elle s'est occupée également des transports aériens.

En 1944, le gouvernement a créé la Commission des transports aériens pour traiter des problèmes de transports aériens et, en 1947, il a établi la Commission maritime canadienne. Comme le rôle de la Commission des transports du Canada, celui de la Commission des transports aériens et de la Commission maritime canadienne était administratif plutôt que juridique.

Au cours des années 50, les chemins de fer ont dû répondre à une série de revendications importantes de salaire et cela a donné lieu à plusieurs demandes successives d'augmentations des taux généraux de transports des marchandises. Au début de 1959, une autre augmentation de 12 p. cent demandée par une compagnie de chemin de fer a poussé le gouvernement à prendre plusieurs mesures: a) mise sur pied de la Commission MacPherson, Commission royale d'enquête sur les transports, b) interdiction de toute autre augmentation du niveau général des taux en attendant la publication du rapport de la Commission, et c) adoption de la Loi sur la réduction des taux de transport de marchandises qui fournissait aux chemins de fer une subvention de 20 millions de dollars pour l'année fiscale se terminant le 31 mars 1960 et assurait une compensation des augmentations autorisées en décembre 1958.

En 1961, dès expiration de la législation fixant les taux de salaire des cheminots, le gouvernement a ajouté une subvention de 50 millions de dollars à celle qui avait déjà été accordée aux chemins de fer en vertu des dispositions prises en matière de compensation. Le montant des subventions s'est progressivement élevé et, pour l'année financière 1966/67, il était d'environ \$110 millions.

Les recommandations de la Commission MacPherson ont tenu compte des charges imposées aux chemins de fer par leurs fonctions de service public et ont considéré que la concurrence servirait d'agent régulateur des taux de transport des marchandises.

En 1967, la Loi nationale sur les transports a aboli la Commission des transports du Canada, la Commission des transports aériens et la Commission maritime canadienne et a créé la Commission canadienne des transports. La Commission canadienne des transports est composée d'au plus dix-sept membres nommés par le gouverneur en conseil. En plus des fonctions remplies précédemment par la C.T.C., la C.T.A. et la C.M.C., la CCT a reçu la responsabilité des pipelines de denrées et sert de cour d'archives pour tous les modes de transport relevant du gouvernement fédéral.

Pour compléter les changements d'optique relatifs à la réglementation économique, des changements ont également été apportés, en 1970, à la structure du portefeuille du ministre fédéral des transports en ce qui concerne la mise au point et la mise en application des politiques et programmes en matière de transports. Ces changements garantissent que les transports relevant du gouvernement fédéral ou largement financés par celui-ci, seront sensibles aux autres objectifs gouvernementaux dans le domaine économique ou social. La nouvelle structure est basée sur la conception d'un ministère qui contrôle et coordonne tous les organismes, que ceux-ci appartiennent au domaine de l'exploitation, du développement ou de la réglementation technique.

Les organismes d'exploitation du ministère des Transports ont été progressivement décentralisés. Actuellement, l'Administration de l'Air a des administrateurs régionaux à Winnipeg, Edmonton et Vancouver. Les Services de la marine ont un administrateur régional à Vancouver où siège également le membre du Conseil des ports nationaux représentant la côte ouest. Air Canada et les Chemins de fer nationaux du Canada ont respectivement des vice-présidents à Vancouver et Winnipeg et à Edmonton et Vancouver.

b) Changements dans l'infrastructure et les services

Les transports dans l'Ouest et dans l'ensemble du Canada ont connu des changements considérables au cours des années.

Le nombre de tonnes par mille, pour les marchandises transportées par chemins de fer, a augmenté de 13.2 p. cent entre 1968 et 1972, avec des augmentations allant de 13.2 p. cent au Manitoba à 106 p. cent en Colombie-Britannique. Pendant la même période, l'augmentation totale pour l'ensemble du Canada a été de 35 p. cent (Voir Annexe II).

Entre 1958 et 1970, les chemins de fer ont connu des changements dans les taux de transport des marchandises, le mélange du trafic et un plus grand chargement des wagons. L'Annexe III indique les augmentations ou diminutions dans les recettes moyennes réalisées sur le transport des marchandises, par tonne par mille et wagon par mille pour les mouvements entre les régions et à l'intérieur d'une région, selon les chiffres présentés sur l'analyse des feuilles de route de la CCT.

En ce qui concerne les transports routiers, le réseau des routes à revêtement dans l'ouest du Canada a augmenté de 5,136 milles (20.7 p. cent du réseau routier canadien) en 1950, à 23,995 milles (32.6 p. cent du réseau canadien) en 1969. Les véhicules commerciaux immatriculés dans l'ouest du Canada ont passé de 258,037 (40.2 p. cent du

total canadien) en 1950 à 689,039 (40.6 p. cent du total canadien) en 1970. L'Annexe IV indique la croissance des transporteurs de classe I, II et à contrat dans le Manitoba, la Saskatchewan et l'Alberta entre 1961 et 1969.

Les transports maritimes desservant l'ouest du Canada sont concentrés à Churchill, Thunder Bay et dans les ports de la Colombie-Britannique. Dans ces ports, les chargements et déchargements ont totalisé 83.9 millions de tonnes en 1969, une augmentation de 128 p. cent par rapport à 1953 où ils totalisaient 36.8 millions de tonnes.

Dans les années 1950, le réseau des oléoducs a connu une croissance remarquable et, en 1964, ce réseau totalisait 11,744 milles. En 1969, une autre augmentation de 31 p. cent a porté ce total à 15,417 milles, sans compter les réseaux de collecte des champs de production.

Au cours des dix dernières années, les transports aériens ont connu de très grands changements. L'Annexe V indique le nombre des passagers arrivant sur des vols réguliers intérieurs ou internationaux, entre 1963 et 1970. De 1966 à 1970, le taux de croissance aux aéroports de l'ouest du Canada a été de 9.7 p. cent à 19.0 p. cent comparé à 10.9 p. cent pour Toronto et 9.7 p. cent pour Montréal. Les transporteurs régionaux Transair et Pacific Western ont transporté 1.1 million de passagers en 1970, ce qui constitue une augmentation de 470 p. cent par rapport à 1960 et une augmentation de 514 p. cent en passagers/milles pendant la même période. Le fret transporté par les deux compagnies a également augmenté de 34.0 p. cent, jusqu'à 112 millions de livres entre 1961 et 1970. Pour satisfaire à la demande, les transporteurs régionaux ont plus que doublé leur personnel qui en 1970 a totalisé 1805 employés.

Air Canada et CP Air ont également augmenté leur capacité dans l'ouest du Canada, en exploitant de plus nombreux vols sans escale, à une plus grande fréquence et avec des avions à grande capacité. Au cours de l'année dernière, Air Canada a augmenté sa capacité de 33 p. cent entre Regina et Calgary, de 50 p. cent entre Saskatoon et Calgary, de 145 p. cent entre Winnipeg et Montréal et de 100 p. cent entre Regina et Toronto.

Il est évident que la demande de services de transport de passagers et de fret par tous les modes de transport, a augmenté au Canada et dans l'Ouest, certains modes manifestant des taux de croissance plus élevés dans l'Ouest que dans le reste du Canada.

LES TRANSPORTS: PROBLÈMES

a) Tarifs de transport des marchandises par chemin de fer

L'importance des tarifs-marchandises pour le développement économique et la prospérité de l'Ouest canadien est pleinement reconnue. Dans ce contexte, on pourrait prendre en considération un certain nombre de problèmes généraux et de points particuliers. Prenons par exemple un problème clé: quelles modifications de la structure des tarifs-marchandises seraient justifiées pour (1) éliminer des anomalies évidentes, comme par exemple les tarifs

intermédiaires plus élevés pour les marchandises à destination des Prairies, et (2) favoriser l'essor d'industries secondaires fondées sur des ressources du pays. De toute évidence, celles que soient les réponses offertes sur cette question, il faudra accorder une grande attention aux répercussions qu'elles auront, tant sur la situation de concurrence des transports routiers que sur les industries connexes et sur le plan régional comme sur le plan national.

Ce problème n'est pas nouveau; bien au contraire, nous y sommes confrontés depuis des années et il a fait l'objet de nombreuses études spécialisées et d'enquêtes de commissions royales. L'expérience ainsi acquise montre que le meilleur mode d'action serait de faire porter l'essentiel des efforts sur l'identification de problèmes spécifiques. Cette méthode permettrait d'évaluer les effets des tarifs actuels sur les mouvements des marchandises dans le but d'appliquer les tarifs sélectivement modifiés qui répondraient le mieux aux besoins de l'expéditeur et du consommateur de l'Ouest.

Dans cette démarche toutefois, il faut tenir compte du fait que les tarifs actuels traduisent d'une manière générale les besoins financiers (coûts et profits) des chemins de fer qui doivent équilibrer leurs activités en fonction de la concurrence qui ne provient pas uniquement des autres modes de transport. Mis à part la concurrence entre rail et route et celle entre compagnie ferroviaires, la concurrence du marché reflétant celle des diverses sources de produits, étrangères et intérieures, exerce une influence importante sur les taux de transport applicables aux régions comme aux produits. Cette situation conduit, entre autres facteurs, au système de transport régional en équilibre délicat qui, à quelques exceptions près, s'est appliqué à répondre aux exigences des principaux mouvements de marchandises.

De plus, il faut reconnaître que l'industrie du camionnage à l'intérieur de chaque région, de par sa croissance ininterrompue, a fait une concurrence active au transport ferroviaire et a rempli une fonction de service de plus en plus importante. A l'échelon interrégional, cette croissance a été moins marquée; néanmoins, le camionnage s'est assuré une position prépondérante en répondant aux besoins de l'Ouest pour le transport de certaines denrées. De plus, pour les liaisons nord-sud moins bien desservies par les chemins de fer, le transport routier joue un rôle essentiel pour l'économie de l'Ouest. Lorsqu'on envisage une nouvelle orientation de la politique ou des mesures particulières en matière de tarifs, la question suivante se pose: Comment les gouvernements peuvent-ils assurer une croissance continue des transports routiers comme concurrents actifs des transports ferroviaires et voir en même temps à la réalisation des objectifs légitimes des régions?

Bien que les compagnies de chemin de fer se soient vu accorder la liberté de tarification par la Loi nationale sur les transports, elles ont reçu en contrepartie la responsabilité de sauvegarder l'intérêt public. D'une part, le gouvernement fédéral les a partiellement dégagées des lourdes charges que leur imposaient des services de passagers et des embranchements non rentables; par contre, il faut considérer la récente décision rendue par la Commission cana-

dienne des transports sur le colza comme un indice révélateur de la détermination du gouvernement de ne pas donner son agrément à une politique de tarifs ferroviaires ne reflétant pas les responsabilités que leur a assigné la Loi nationale sur les transports.

b) Réglementation

Non accordée aux besoins régionaux, trop lente et souvent trop coûteuse, telles sont les principales critiques généralement apportées à la procédure de réglementation pratiquée en vertu de la Loi nationale sur les transports.

La Loi nationale sur les transports a fourni aux industries des transports le cadre réglementaire nécessaire et celui-ci relève de la compétence du Parlement du Canada. Il a pour grand principe de développer l'efficacité des transports en s'appuyant le plus possible sur les forces de la concurrence. Cependant, la Loi comporte des dispositions pour la protection des expéditeurs, lorsque la concurrence fait défaut (dispositions de «l'expéditeur captif») et lorsque les méthodes de tarification des compagnies de chemin de fer vont contre l'intérêt public. On peut constater l'utilité de ces dispositions au fur et à mesure que la Commission statue sur les cas qui lui sont soumis. La toute récente décision (27 juin 1973) rendue sur le colza est la première qui se rapporte à un appel interjeté en vertu de la clause d'intérêt public.

Il faut admettre que la politique nationale en matière de transports ne répond pas suffisamment aux besoins des régions et que cette critique est justifiée. Il s'agit aussi de savoir si la politique actuelle énoncée à l'article 3 de la Loi nationale sur les transports est formulée et interprétée de façon à constituer l'instrument prévu pour que cette Loi s'accorde aux problèmes des régions.

Comme on l'a précisé plus haut, la politique nationale de transport a été conçue comme instrument polyvalent pouvant s'adapter à des besoins quelquefois divergents des régions. Il est évident que dans un pays aussi vaste et aussi diversifié que le Canada où les densités de population varient considérablement, où le développement industriel est inégal et où les ressources utilisables pour la croissance économique sont de nature très diverse, les besoins auxquels doit pourvoir une politique de transport sont également très différents.

La question de savoir si la politique nationale de transport, dans sa formulation actuelle, remplit effectivement vis-à-vis des régions le rôle qu'on lui destinait, doit trouver sa réponse dans l'interprétation de l'expression «intérêt public» énoncée par la Loi. Le principe d'adaptation signifie que les transports, sous leurs divers aspects, doivent répondre aux nécessités réelles du développement économique et social, dans le contexte à la fois national et régional. Les objectifs régionaux dans le domaine social et économique sont donc les critères légitimes qui doivent servir à déterminer si les transports remplissent convenablement leur rôle dans les diverses parties du pays.

Le gouvernement fédéral et la Commission canadienne des transports partagent pleinement les préoccupations que suscitent les frais et les délais encourus lorsqu'on statue sur des appels en matière de tarifs. Ainsi, le 1^{er} juin 1973, le ministre des Transports a demandé à la Commission de

lui indiquer quelles mesures pourraient être prises pour améliorer les procédures prescrites par l'article 23 pour les cas portant sur les tarifs.

Le gouvernement fédéral est convaincu que les précédents créés à ce jour par les auditions et l'expérience acquise en procédure accéléreront de beaucoup les auditions et la prise de décisions à venir. Le jugement rendu à la suite de la décision *prima facie* sur l'affaire du colza a démontré que, même si chaque cas est jugé au fond, une audience publique ne doit pas nécessairement établir s'il s'agit ou non d'une cause, qui de prime abord est bien fondée. Ceci viendra en aide aux expéditeurs car, dans la plupart des cas, pour établir le bien-fondé d'une cause, il suffirait de produire les pièces à l'appui des points particuliers que l'expéditeur estime préjudiciables à l'intérêt public.

L'interprétation donnée au terme «intérêt public» par la Commission dans l'affaire du colza est conforme à la politique du gouvernement qui conçoit l'intérêt public dans le contexte d'ensemble du développement et de l'expansion industrielle des régions. Maintenant que cette interprétation est adoptée, on peut espérer que le dialogue continue entre le gouvernement fédéral et celui des provinces fera plus de lumière sur les objectifs provinciaux comme sur la réaction du fédéral dans toute cette question de l'intérêt public en même temps que de ses rapports avec le développement régional et l'expansion industrielle.

Tout ceci porte à croire que le fonctionnement du système de réglementation s'améliorera considérablement. Par la même occasion, il faut souligner que ces procédures doivent protéger les droits légitimes des parties—transporteurs, expéditeurs et public—et faire en sorte que les règlements soient appliqués dans toute la mesure du possible, tout en évitant des frais et des délais excessifs. Le gouvernement continuera à étudier et mettre en œuvre tous les perfectionnements possibles au système de réglementation.

La Loi nationale sur les transports confère au Gouverneur en conseil des pouvoirs étendus en matière de transport. L'article 54 de la Loi prévoit la nomination d'un avocat par le ministre de la Justice, à la demande de la Commission ou de son propre mouvement, pour conduire ou plaider la cause ou se faire entendre sur toutes questions particulières relativement à une question qui concerne l'intérêt public. Les déclarations de principe du gouvernement qui expliquent les objectifs des politiques régionales de développement ayant des répercussions directes sur la politique des transports, constituent un élément important du processus quasi-juridique que suit la prise de décisions en matière de réglementation. De surcroît, le Gouverneur en conseil dispose de pouvoirs étendus, en vertu de l'article 64 (1) de la Loi nationale sur les transports, pour modifier ou rescinder, sur demande ou de son propre mouvement, toute ordonnance, décision, règle ou règlement de la Commission canadienne des transports.

L'article 22 de la Loi nationale sur les transports confère au gouvernement des pouvoirs étendus pour demander à la CCT de faire enquête sur des problèmes particuliers ou des catégories de problèmes. Ceci signifie que la Commission peut avoir recours à la procédure d'enquête d'une façon plus étendue que ne le permettrait nor-

malement un rôle strictement limité à la réglementation. Le gouvernement a choisi d'utiliser ses pouvoirs de plus en plus fréquemment et la Commission a effectivement entrepris un certain nombre d'études de ce genre pour le compte du gouvernement. Ainsi, récemment elle a reçu une demande qui a abouti à sept études réalisées par des experts-conseils de l'Ouest, dans le secteur industriel et le secteur universitaire, sur certains problèmes de transport particuliers à l'Ouest.

La Commission dispose en outre de pouvoirs étendus pour prescrire une classification des comptes et le rapport des coûts qui servent de base à l'analyse des coûts. La Commission, après enquête exhaustive, a prescrit la méthode de détermination des coûts selon leur répartition en comptabilité analytique, aux fins de réglementation. Elle a adopté le principe de «divulgaration raisonnable des coûts» ou, dans le langage courant, une divulgation des coûts limitée pour n'avoir aucun effet adverse injustifié sur les intérêts commerciaux des parties. Dans la pratique, la Commission n'a rejeté aucune demande importante de divulgation des coûts des compagnies de chemin de fer et on améliore constamment les méthodes de diffusion des informations nécessaires sur ce sujet.

En ce qui a trait au transport des passagers, la Commission a œuvré de façon particulière, surtout pour les services de chemin de fer et aérienne. Elle a fait des auditions spéciales, en ce qui concerne les chemins de fer, pour la remise en place de certains services. Il importe de noter aussi, pour ce qui est des services aériens, que le système de réglementation répond parfaitement aux déclarations de principe du gouvernement fédéral lequel a mis l'accent sur les intérêts régionaux et nationaux.

Le processus d'application des règlements, tel qu'il se déroule depuis l'adoption de la Loi nationale sur les transports en 1967, semble être relativement approprié en dépit des délais plutôt longs qui se sont produits en certains cas. Pour toute nouvelle série de règlements, un certain nombre d'années d'expérience sont nécessaires pour en déterminer les méthodes d'application les plus efficaces, compte tenu de la protection de tous les intérêts légaux. Recommander des changements importants de la politique en matière de réglementation et des modalités de la Loi nationale sur les transports nécessiterait des années d'expérience supplémentaires avant que l'on puisse parvenir à une efficacité maximale. Avec l'expérience acquise, la pratique de la réglementation devrait encore perfectionner, assouplir et accélérer les procédures relatives aux appels interjetés par les expéditeurs et les provinces.

c) Infrastructure et services

Pour déterminer dans quelle mesure les transports répondent, d'une façon générale, à des objectifs précis de développement économique et social, il faut savoir si les installations et les services de transport sont à la mesure des besoins tant actuels que futurs, c'est-à-dire si les installations matérielles sont réalisées à temps et si les services fournis sont adéquats, face à des besoins donnés.

Une grande partie de l'Ouest canadien compte principalement pour le transport de fret, y inclus les biens de

consommation, les produits manufacturés et bruts, sur les transports de surface, route et rail. Pour les produits pétroliers et le gaz naturel, les pipelines sont à peu près les seuls moyens auxquels on a recours.

En ce qui concerne les transports ferroviaires, les installations de voie sont généralement suffisantes et même en surplus, dans la plupart des régions de l'Ouest. Les exceptions les plus notables se retrouvent dans le nord des provinces où, dans certains cas, le chemin de fer est le moyen préféré de transport de plusieurs ressources naturelles. Il y a lieu de signaler à cet égard le nord-ouest de la Colombie-Britannique au sujet duquel des discussions ont eu lieu entre la province et le gouvernement fédéral en vue de l'aménagement d'un réseau ferroviaire destiné au transport des ressources forestières et minières de la région.

On reconnaît également qu'il serait profitable de construire une voie de jonction entre les lignes transcontinentales du CN et du CP, avant leur entrée dans les canyons du Thompson et de la Fraser, ainsi qu'entre ces lignes et le réseau des chemins de fer de la Colombie-Britannique, qui suit les routes différentes vers la côte ouest. Cette voie de jonction revêt une importance croissante puisqu'elle permettrait le transport ininterrompu des marchandises entre les provinces des Prairies et la côte ouest même en cas de blocage des voies du CN ou du CP dans les canyons.

Un bon réseau routier continuera à jouer un rôle capital dans le transport des personnes et des marchandises tant dans l'Ouest même qu'entre l'Ouest et le Centre du Canada. D'après les conclusions d'une récente étude sur le réseau routier canadien, menée avec l'entière collaboration des provinces, les routes de l'Ouest présentent des différences marquées les unes par rapport aux autres. Par conséquent, les limites imposées au poids des véhicules manquent d'uniformité. Il serait certes souhaitable d'avoir une infrastructure routière de base qui permette l'adoption dans les provinces des Prairies de limites de poids plus proches de celles de la Colombie-Britannique et de l'Ontario. La productivité accrue des entreprises de camionnage serait très profitable à l'Alberta, à la Saskatchewan et au Manitoba et permettrait au transport routier de concurrencer plus sérieusement qu'à présent le transport ferroviaire.

Les routes d'accès entre les provinces des Prairies et la côte ouest pourraient aussi constituer à l'avenir une source de problèmes graves. A cause des caractéristiques géographiques de la région, il y a essentiellement quatre routes praticables: celles des passes de Crowsnest, Rogers, Yellowhead et Pine. La route Transcanadienne qui emprunte la passe de Rogers et celle de Yellowhead qui traverse la passe du même nom peuvent créer des difficultés du fait qu'elles traversent des parcs nationaux. L'expansion des installations poserait des problèmes d'environnement et d'écologie et, d'autre part, le trafic est accru puisque ces routes sont aussi empruntées par les vacanciers et les touristes. Les quatre provinces de l'Ouest ainsi que le gouvernement fédéral se penchent actuellement sur ces problèmes.

Le changement le plus remarquable dans le système de transports de l'Ouest tient sans doute la croissance

des pipelines de pétrole et de gaz naturel en vue de rejoindre les marchés de ces importantes ressources naturelles. La demande du marché ainsi que le développement de nouvelles ressources, comme le sable asphaltique, constituent encore les promesses d'une croissance considérable.

Il est reconnu que le transport intrarégional et interrégional des voyageurs constitue un aspect important de la politique des transports dans l'Ouest. Des installations et des services adéquats sont particulièrement nécessaires pour relier les grands centres, du point de vue interrégional, et pour contribuer à maintenir la viabilité des centres ruraux, du point de vue intrarégional.

La question du transport des passagers est compliquée par la fragmentation des compétences: en effet, le gouvernement fédéral est le premier responsable des transports ferroviaires et aériens tandis que les transports routiers ressortissent essentiellement à la compétence provinciale. Ce problème devient particulièrement aigu lorsque certains services routiers sont conçus pour compléter, ou parfois remplacer, des services ferroviaires ou aériens.

Pour satisfaire les besoins des voyageurs dans l'Ouest canadien, il semble nécessaire de créer un bon mécanisme de coopération et de consultation.

L'étude des installations des transports dans l'Ouest doit comprendre un examen soigneux des installations portuaires qui servent de portes de sortie à une grande partie des ressources de l'Ouest, surtout celles qui sont destinées à l'exportation. Si le gouvernement fédéral a récemment décidé de classer Prince-Rupert parmi les ports nationaux du Canada, c'est qu'il reconnaissait l'expansion actuelle et prévue de l'activité économique dans une vaste région du Nord-Ouest canadien couvrant partiellement trois provinces et deux territoires. La création dans la région de liaisons ferroviaires intégrées d'une part et l'engagement pris de fournir à temps toutes les installations nécessaires, d'autre part, mettent l'accent sur l'important rôle que ce port jouera dans le développement régional et national futur.

Les problèmes particuliers de développement qui se présentent au port de Churchill sont étroitement liés à l'expansion économique d'ensemble des provinces des Prairies et du Nord, et les programmes de développement qui seront établis en tiendront compte. En ce qui concerne le rôle d'ensemble du port, il semblerait avantageux d'envisager une certaine forme de programmes conjoints entre le gouvernement fédéral et les provinces, pourvu que celles-ci puissent définir les objectifs particuliers que le port pourrait servir à atteindre.

L'aménagement en temps opportun des ports méridionaux de la Colombie-Britannique continentale, y compris Vancouver et Roberts Bank, fait toujours partie de la politique fédérale, qui attache en même temps un intérêt particulier à Lakehead, en tant que port essentiel aux échanges avec l'Est du Canada et l'Europe.

Cependant, à cause des importantes immobilisations nécessaires à l'expansion de l'infrastructure de ces ports et pour que le développement corresponde vraiment aux objectifs tant actuels qu'à long terme de l'Ouest, il semble certain qu'une collaboration intergouvernementale serait

très avantageuse lors de la planification des programmes futurs et de la détermination des priorités. Grâce à une telle collaboration, l'Ouest pourrait tirer le meilleur parti possible des programmes de développement régional et d'expansion industrielle.

d) Autres questions liées aux transports

Fixation de plafonds aux taux de transport

Il a souvent été question dans l'Ouest canadien d'établir une formule permettant de fixer un maximum des taux de transport égal aux coûts variables majorés d'un certain pourcentage. Cette formule s'appliquerait à tous les mouvements et non seulement au fret de marchés captifs.

Il est cependant difficile de conclure qu'une telle réglementation servirait au mieux les intérêts de l'Ouest. La fixation d'un plafond aurait vraisemblablement les effets suivants: (1) réduire et, dans certains cas, éliminer la concurrence dans le transport routier, ce qui mènerait à long terme à l'augmentation des taux de transport; (2) imposer le versement de fortes subventions, même pour les marchandises dont la commercialisation n'est pas influencée par les taux de transport actuels; et (3) entraîner l'installation d'industries à des endroits mal choisis et l'adoption de méthodes de commercialisation non rationnelles, et compromettre possiblement la situation de concurrence de certaines industries de l'Ouest, par suite de la baisse de certains taux de transport qui rendraient plus économiques d'autres sources d'approvisionnement.

En raison de ces facteurs, tout projet en ce sens ne devrait être pris en considération qu'après une analyse profonde des effets probables de cette mesure.

Subventions générales

On propose aussi parfois que des subventions applicables à tous les cas ou générales soient accordées à tous les modes de transport. Selon l'expérience acquise, une telle manière serait inefficace. Il semble plus utile de fournir une aide sélective aux biens dont le coût ou la qualité des services de transport constitue un facteur de premier ordre. Par la voie du Comité fédéral-provincial du transport dans la région Atlantique, une étude détaillée de cette façon de voir a mené à la conclusion que le moyen d'atteindre les fins désirées est, en effet, d'accorder les subventions par voie sélective.

Taux réglementaires de transport des grains et embranchements

Le gouvernement fédéral connaît bien l'importance, pour l'économie de l'Ouest, des taux réglementaires de transport des grains et accepte l'application d'une politique qui protège efficacement les producteurs contre l'augmentation des frais de transport dans la région. Il reconnaît aussi que les taux réglementaires et la question des embranchements de l'Ouest sont inexorablement liés à l'ensemble du problème du transport des grains dans l'Ouest canadien. A cet égard, le gouvernement fédéral appuie pleinement les efforts actuellement déployés par le Conseil des grains du Canada en vue de la modernisa-

tion de la manutention et du transport des céréales. Une politique de participation à la définition collective des lignes de conduite dans cette région est essentielle.

RÉCENTS PROJETS FÉDÉRAUX DANS L'OUEST CANADIEN

Investissements fédéraux continus dans l'infrastructure, responsabilités opérationnelles établies, efforts en vue d'une étroite collaboration fédérale-provinciale en matière de planification, d'élaboration de programmes et de lignes de conduite, appui aux établissements d'enseignement spécialisés dans les transports: voilà quelques exemples qui reflètent la politique appliquée par le gouvernement fédéral dans l'Ouest canadien.

Au cours des quelques dernières années, les hauts fonctionnaires fédéraux et provinciaux ont adopté une attitude de coopération de plus en plus étroite en matière de politique des transports. Grâce aux discussions fédérales-provinciales et à l'évaluation conjointe des lignes de conduite, divers programmes ont été ou seront adoptés: propositions concernant le développement intégré des chemins de fer et des ports dans le nord-ouest de la Colombie-Britannique, amélioration des installations aux aéroports de Calgary et de Vancouver, étude conjointe des besoins à long terme en matière de routes et d'autres voies de transport entre les Prairies et la côte ouest. De plus, la discussion tripartite des questions relatives aux transports urbains à Vancouver, Edmonton et Winnipeg est devenue possible grâce aux mécanismes de consultation créés dans le courant de l'année dernière.

Le ministère des Transports et la Commission canadienne des transports continuent à encourager dans l'Ouest les établissements de recherche et d'enseignement spécialisés dans les transports; de plus, ils chargent des organismes indépendants de mener des études en vue de connaître l'opinion des Canadiens de l'Ouest sur les questions qui les touchent directement ou indirectement. L'appui accordé aux Centres des transports des Universités de la Colombie-Britannique et du Manitoba, et le soutien apporté aux travaux sur les pipe-lines de denrées effectués en Alberta et en Saskatchewan en sont des exemples. Le gouvernement fédéral compte bien poursuivre et augmenter son appui et son encouragement.

CONCLUSION

Les transports doivent s'adapter aux besoins économiques et sociaux de l'Ouest canadien dans son ensemble. Il apparaît que le meilleur moyen d'améliorer rationnellement l'ensemble du système est d'adopter des politiques et programmes généraux et particuliers visant à apporter des améliorations ou à répondre à des besoins clairement avérés et s'intégrant bien aux plans de développement économique et social des secteurs concernés. Des réductions générales des taux de transport ou des programmes généraux de subventions aux transports seraient d'un coût élevé inacceptable et pourraient s'avérer inefficaces à la solution de nos problèmes communs. Il ne semble pas non plus que des programmes pour l'amélioration des installations ou la création d'une nouvelle infrastructure, sans définition pré-

cise des besoins et sans étude approfondie de toutes les solutions possibles, puissent être justifiés.

La nature même d'une structure économique et sociale en évolution constante dans l'Ouest exige des méthodes continues et dynamiques permettant d'affronter des problèmes et des circonstances qui ne sont jamais les mêmes.

ANNEXE I

Rapports entre les transports et les autres secteurs de l'économie

Le présent exposé repose sur un thème essentiel: les transports remplissent les fonctions d'un service et on peut utiliser les initiatives prises en matière de transports pour mettre au point des politiques régionales qui se rapportent à des objectifs sociaux et économiques.

Lorsqu'on évalue la fonction remplie par les transports dans cette optique, il est bon de commencer par déterminer comment ils desservent les secteurs de la production. Les études suivantes indiquent l'interaction des transports avec l'agriculture, l'exploitation des ressources naturelles, le développement industriel et commercial. La documentation de base sur les divers secteurs a été tirée d'exposés plus détaillés qui ont été mis au point par le gouvernement fédéral en vue de la Conférence sur les perspectives économiques de l'Ouest. De plus, si ces résumés visent essentiellement à déterminer le rapport entre les transports et ces secteurs, il ne faut pas négliger le rôle fondamental que jouent les aspects économiques, institutionnels et financiers dans la réalisation des objectifs de développement de ces régions.

Agriculture

Du point de vue de l'agriculture, l'Ouest canadien se caractérise par la culture des céréales et des oléagineux ainsi que par l'élevage. Ces trois secteurs de l'industrie sont affectés par le même facteur de la dispersion géographique et de l'éloignement de leurs marchés. Il est donc évident que le transport des denrées depuis leur source jusqu'aux marchés joue un rôle considérable dans le maintien d'une économie viable pour ces régions. Dans ce contexte, les impératifs de prix et de qualité du transport sont des éléments de première importance.

Il faut une immense infrastructure pour assurer ce service. Il suffit de penser à l'ampleur du réseau ferroviaire qui relie les Prairies aux centres d'exportation de la côte du Pacifique, à Churchill, à la tête des Grands Lacs et aux marchés continentaux du centre et de l'Est du Canada ainsi que des États-Unis. Il ne faut pas oublier non plus cet autre élément vital de la collecte des denrées que constituent les réseaux routiers régionaux et locaux reliant chaque ferme aux points stratégiques que sont les silos à grains, les usines d'aliments pour bétail, les usines de trituration d'oléagineux et les abattoirs.

La nécessité d'un réseau de transport efficace et flexible s'accroît encore du fait de la nouvelle concurrence étrangère stimulée par des subventions gouvernementales, et de

Cette approche exige également l'utilisation coordonnée de tous les moyens fédéraux et provinciaux, ainsi que l'action complémentaire des transporteurs, expéditeurs et usagers.

Le gouvernement fédéral appuie et encourage la création de mécanismes appropriés, conçus pour résoudre de cette manière les problèmes de transport de l'Ouest canadien.

l'apparition de mesures protectionnistes dans les pays traditionnellement importateurs de céréales, où l'influence stabilisatrice de la coopération internationale, en ce qui touche la planification et la commercialisation, est de toute évidence absente.

En outre, les programmes de commercialisation du blé (source de protéines) et l'importance croissante de la production des céréales fourragères et des oléagineux soulignent encore l'importance d'un système de transport souple et bien adapté, capable d'assurer que les engagements commerciaux pourront être remplis. La demande de viande ainsi que les innovations dans les domaines de la commercialisation et de l'emballage font ressortir encore davantage la nécessité d'établir des taux et un matériel de fret capables de permettre à l'Ouest canadien de pénétrer le plus possible les marchés.

Les débouchés s'annoncent satisfaisants pour les grains de provende et les oléagineux et, dans l'industrie des bestiaux, pour les haricots et pour le porc. Par ailleurs, le secteur agricole offre la possibilité d'établir certaines industries de transformation qui auraient pour effet d'accroître de façon marquée la valeur ajoutée des produits agricoles en plus de créer de nouveaux emplois dans l'Ouest. La pleine réalisation du potentiel agricole de l'Ouest canadien dépend en partie de l'amélioration de l'infrastructure des transports et de l'ajustement des taux de fret sélectifs.

Exploitation des ressources naturelles

L'industrie minière du Canada a connu une croissance remarquable au cours des dernières années. Le taux de croissance annuel de l'industrie entre 1968 et 1970 a presque atteint 11 pour cent en moyenne (taux calculé sur la valeur des expéditions). Si le Canada est le premier exportateur de minéraux du monde, il le doit en partie à l'exploitation des ressources naturelles de l'Ouest.

Dans une large mesure, la récente croissance de l'industrie minière de l'Ouest peut être attribuée au développement de l'industrie de la potasse dans la Saskatchewan, à l'exportation vers le Japon du charbon de l'Alberta et de la Colombie-Britannique et à la production accrue de soufre en Alberta et de nickel au Manitoba.

En grande partie, la production minière de l'Ouest du Canada est le résultat de la demande extérieure et l'industrie doit expédier sa production à de grandes distances, soit sur le continent soit outre-mer. L'industrie minière est donc étroitement liée au secteur des transports, les frais de transport étant souvent un facteur décisif dans la rentabilité d'une exploitation minière donnée.

Les transports influencent l'industrie minière de deux façons: par les taux que le transporteur applique, et par les installations existantes. Dans l'Ouest du Canada, les produits miniers les plus touchés par des changements (des règlements, de l'infrastructure ou des tarifs) dans le secteur des transports, sont la potasse, le soufre, le charbon et les concentrés de métal commun.

Tout changement des taux de transport a donc un effet direct sur la rentabilité des mouvements de marchandises et des effets secondaires sur l'emploi et l'économie de la région.

L'industrie minière et les transports de l'Ouest du Canada sont étroitement liés parce que la majeure partie de la production minière est destinée aux marchés étrangers. Des négociations et des progrès réalisés dans le domaine technique (wagons-trémies pour la potasse et trains-blocs pour le soufre et le charbon) ont permis de maintenir les tarifs dans des limites acceptables. Toutefois, si on veut trouver d'autres débouchés pour les produits à grand encombrement et à prix peu élevé, comme la potasse et le soufre, on continuera à dépendre des innovations réalisées dans les installations de production et dans l'infrastructure des transports, par exemple l'introduction de pipe-lines à solides ou l'électrification de certaines sections du réseau ferroviaire.

Le réseau ferroviaire des provinces des Prairies a répondu aux besoins de l'industrie minière en construisant des embranchements et en fournissant des wagons spéciaux. En Colombie-Britannique, le réseau ferroviaire est périodiquement perturbé par des causes naturelles et il faudrait améliorer l'accès des zones montagneuses. De plus, l'espace nécessaire et les contraintes imposées par l'environnement sur les installations modernes de manutention des produits en vrac aux points de liaison rail/navire, exigent une plus grande décentralisation portuaire, à l'écart des agglomérations urbaines encombrées (par exemple, décentralisation de Vancouver vers Roberts Bank).

Les zones septentrionales de l'Ouest canadien ont besoin d'une infrastructure de transport pour stimuler l'essor de leur industrie minière. À cet égard, l'aménagement des voies ferrées et d'installations portuaires dans le nord-ouest de la Colombie-Britannique devrait contribuer à l'établissement d'une industrie minière rentable dans cette région.

De plus, il y a tout lieu de croire que le secteur des transports aidera dans la mesure du possible tout projet important d'exploitation de ressources dans le nord des Prairies.

Développement industriel et commercial

Une évaluation de l'économie des provinces semble indiquer que l'Ouest du Canada est composé de deux provinces

à taux de croissance élevé, l'Alberta et la Colombie-Britannique, et de deux autres à taux de croissance relativement bas, le Manitoba et la Saskatchewan. La moitié ouest de la région, qui est la plus prospère, a mieux réussi dans l'exploitation des ressources naturelles, l'aménagement urbain, l'industrie manufacturière, les investissements et l'emploi.

De façon générale, on peut dire que le secteur de la fabrication constitue le maillon faible de l'économie régionale, entre l'exploitation des ressources (secteur primaire) et les services (secteur tertiaire). Les entreprises de fabrication existantes ont tendance à être de petite envergure et orientées surtout vers les marchés locaux et régionaux. Dans le passé, ce secteur n'a pas su réaliser la diversification qui caractérise l'industrie manufacturière dans le centre du Canada et sa croissance a été plus lente que celle de l'ensemble du pays.

L'Ouest dépend donc, dans une très grande mesure, de l'exploitation des ressources naturelles, du conditionnement primaire et de l'exportation. Les biens de consommation nécessaires et les composants destinés à une grande partie du secteur limité de la fabrication, ont traditionnellement été importés de l'extérieur de la région.

Afin de saisir certaines chances qui se présentent dans le domaine de la fabrication et de profiter au mieux des autres débouchés que pourra ouvrir le ministère de l'Expansion économique régionale en consultation avec les provinces, il convient d'examiner les initiatives à prendre en matière de transports en fonction d'objectifs particuliers plutôt que généraux. Il faudrait également considérer les transports comme seulement un des facteurs qui, dans les domaines de la production, de la commercialisation et de la distribution, influencent le développement de l'industrie. Il faudrait envisager les changements de taux et de services de transport dans le contexte d'une approche d'ensemble afin d'atteindre les buts précis de croissance industrielle.

Des changements globaux de tarif et de services ou une approche qui se fonderait exclusivement sur les questions de transport, sans tenir compte des problèmes de production, de commercialisation, de financement et de distribution, pourraient non seulement mener à un gaspillage des fonds, mais aussi avoir un effet néfaste sur certaines industries de l'Ouest. À titre d'exemple, une réduction des taux de transport des produits de l'acier, de l'Est du Canada jusqu'aux provinces des Prairies, bien qu'elle puisse sembler attrayante pour les utilisateurs de l'Ouest pourrait donner aux aciéries de l'Est un avantage concurrentiel sur les aciéries de l'Ouest et par conséquent avoir un effet néfaste sur la rentabilité de la production sidérurgique de l'Ouest.

Des mesures sélectives prises dans ce domaine des transports pourraient renforcer et développer l'industrie de l'acier dans l'Ouest, favoriser l'essor du secteur du conditionnement des produits agricoles et diversifier le secteur régional de la fabrication.

ANNEXE II

TONNES PAR MILLE—TRAFIC FERROVIAIRE

	Manitoba	Saskatchewan	Alberta	Colombie-Britannique	Total pour les provinces de l'Ouest	Total pour le Canada
1972.....	2.29	4.62	8.77	11.0	26.6	49.0
1971.....	2.29	4.97	7.60	8.55	23.4	44.4
1970.....	2.04	4.17	6.84	6.89	20.0	40.3
1969.....	2.00	3.93	5.47	5.65	17.1	37.7
1968.....	2.02	3.85	5.22	5.31	16.4	36.4
	%	%	%	%	%	%
	Augmentation 68-72	Augmentation 68-72	Augmentation 68-72	Augmentation 68-72	Augmentation 68-72	Augmentation 68-72
	13.2	20.0	67.9	106.0	62.3	34.7

SOURCE: Étude de la CCT.

ANNEXE III

 AUGMENTATIONS OU DIMINUTIONS DES RECETTES MOYENNES
 RÉALISÉES PAR LE TRANSPORT DE MARCHANDISES
 PAR TONNES PAR MILLE ET PAR WAGONS PAR MILLE, 1970 COMPARÉ À 1958

Région d'origine	Région de destination	Pourcentage d'augmentation (de diminution) des recettes moyennes réalisées par le transport marchandises*	
		Tonnes par mille	Wagons par mille
Maritime.....	Maritime.....	17.2%	30.3%
Maritime.....	Est.....	(6.3%)	41.0%
Maritime.....	Ouest.....	(24.8%)	(3.9%)
Est.....	Est.....	(8.9%)	22.0%
Est.....	Maritime.....	8.1%	26.5%
Est.....	Ouest.....	(14.9%)	14.3%
Ouest.....	Ouest.....	(42.4%)	5.3%
Ouest.....	Est.....	3.5%	26.2%
Ouest.....	Maritime.....	32.4%	(18.3%)

*Sauf le grain au taux réglementaire.

SOURCE: Analyse des feuilles de route par la CCT.

ANNEX IV

STATISTIQUES CHOISIES, TRANSPORTEURS ROUTIERS INTERURBAINS, RÉGION DES PRAIRIES 1961 ET 1969

Transporteurs publics, classe I et classe II

	1961				1969				Changement	
	Man	Sask	Alta	Totaux	Man	Sask	Alta	Totaux	Abs	%
Employés.....	1,693	420	2,044	4,157	3,551	398	3,400	7,349	3,192	76.8
Camions.....	569	65	449	1,083	662	123	816	1,601	518	47.8
Tracteurs routiers.....	547	182	785	1,514	995	204	1,113	2,312	798	52.7
Semi-remorques.....	946	229	1,228	2,403	2,324	384	2,897	5,605	3,202	133.3
Remorques.....	1	44	51	96	30	12	379	421	325	338.5

Transporteurs à contrat, classe I et classe II

	1961 Classe I et Classe II			1969 Classe I ¹ seulement		
	Man	Sask	Alta	Man	Sask	Alta
Employés.....	173	125	457	563	*	437
Camions.....	76	36	140	263	*	45
Tracteurs routiers.....	96	99	302	210	*	277
Semi-remorques.....	104	100	363	225	*	430
Remorques.....	—	9	32	—	*	68

*S/O

¹On ne dispose pas des données de 1969 permettant la comparaison pour les transporteurs à contrat de la classe II. Du point de vue de l'emploi, les transporteurs à contrat de la classe II ont signalé avoir 54 employés au Manitoba, 60 dans la Saskatchewan et 268 dans l'Alberta en 1969.

SOURCE: Statistique Canada, *Transporteurs routiers—Transport de marchandises, Partie I*, diverses éditions.

ANNEXE V

ARRIVÉES DE PASSAGERS—SERVICES RÉGULIERS INTÉRIEURS ET INTERNATIONAUX 1963-1970
AÉROPORTS CHOISIS—PROVINCES DE L'OUEST

	1963 (1000)	1964 (1000)	1965 (1000)	1966 (1000)	1967 (1000)	1968 (1000)	1969 (1000)	1970 (1000)	Croissance sur 5 ans
Aéroports									
Colombie-Britannique									
Vancouver.....	453	499	598	733	886	975	1,145	1,270	14.7%
Victoria.....	74	82	89	102	120	131	124	149	10.0%
Alberta									
Calgary.....	268	294	355	441	551	605	694	801	16.1%
Edmonton (Int.).....	217	209	248	270	319	353	366	415	11.4%
Saskatchewan									
Regina.....	122	114	120	142	158	154	199	205	9.7%
Saskatoon.....	86	79	81	92	115	133	156	184	19.0%
Manitoba									
Winnipeg.....	381	402	459	520	682	742	763	799	11.3%
Comparé avec:									
Toronto.....	1,519	1,621	1,869	2,150	2,633	2,678	2,889	3,257	10.9%
Montréal.....	1,289	1,420	1,661	1,836	2,534	2,224	2,409	2,662	9.7%

SOURCE: L'Aviation au Canada, Information Canada, Ottawa, 1972.

THE MINISTER OF TRANSPORT



LE MINISTRE DES TRANSPORTS

Ottawa (Ontario)
K1A 0N5

le 19 juillet 1973.

L'HONORABLE E. J. BENSON,
Président de la Commission canadienne
des transports,

Édifice Congill,
275, rue Slater,
Ottawa (Ontario).

Cher monsieur Benson,

Au cours des discussions qui ont eu lieu ces derniers mois, entre le gouvernement du Canada et les provinces de l'Ouest, tant au niveau des ministres qu'à celui de l'administration, les représentants de l'Ouest ont mentionné un certain nombre d'exemples précis de différence de tarif pour le transport des marchandises, qui, à leurs yeux, n'est pas justifiée, dans le sens le plus large de ces mots, c'est-à-dire en tenant compte des facteurs économiques des exploitations ferroviaires et des finances, et en comparant les aspects économiques des différents modes de transport.

D'après ce que j'ai compris, ce qui préoccupe le plus les provinces de l'Ouest, c'est l'influence du transport sur la mise en valeur de l'industrie et des marchés de la région et les provinces demandent que les tarifs soient fixés à des niveaux propres à stimuler le développement industriel de l'Ouest.

Les différences précises de tarif qui ont été citées à titre d'exemple des problèmes que doit affronter l'Ouest, sont les suivantes:

1. TAUX DE TRANSPORT DES MATIÈRES PREMIÈRES PAR OPPOSITION À CELUI DES PRODUITS FINIS

De	À	Produit	Tarif (en cents pour 100 livres)
Brandon (Man.).....	Toronto (Ont.).....	Bétail.....	244
Brandon (Man.).....	Toronto (Ont.).....	Viande fraîche.....	323
Saskatoon (Sask.).....	Moncton (N.-B.).....	Céréales.....	92
Saskatoon (Sask.).....	Moncton (N.-B.).....	Issues de mouture.....	162
Edmonton (Alb.).....	Vancouver (C.-B.).....	Bétail.....	119
Edmonton (Alb.).....	Vancouver (C.-B.).....	Viande congelée.....	139

2. DIFFÉRENCES SUR LONGUE ET COURTE DISTANCE

De	À	Produit	Tarif (en cents pour 100 livres)
Toronto (Ont.).....	Vancouver (C.-B.).....	Conserves.....	212
Morden (Man.).....	Vancouver (C.-B.).....	Conserves.....	190
Toronto (Ont.).....	Vancouver (C.-B.).....	Produits du fer et d'acier.....	168
Toronto (Ont.).....	Saskatoon (Sask.).....	Produits du fer et d'acier.....	247
Hamilton (Ont.).....	Vancouver (C.-B.).....	Tôles pour tubes.....	135
Hamilton (Ont.).....	Edmonton (Alb.).....	Tôles pour tubes.....	211
Hamilton (Ont.).....	Calgary (Alb.).....	Acier de construction.....	246
Hamilton (Ont.).....	Vancouver (C.-B.).....	Acier de construction.....	164

3. STRUCTURE DES TARIFS D'EXPORTATION—MATIÈRES PREMIÈRES PAR OPPOSITION AUX PRODUITS FINIS

De	À	Produit	Tarif (en cents pour 100 livres)
Edmonton (Alb.).....	Vancouver (C.-B.).....	Bétail.....	119
Edmonton (Alb.).....	Vancouver (C.-B.).....	V viande congelée.....	139
Prince Albert (Sask.).....	Toronto (Ont.).....	Bétail.....	290
Prince Albert (Sask.).....	Toronto (Ont.).....	Quartiers de bœuf.....	337

De plus, les provinces de l'Ouest se sont plaintes du manque de tarifs groupés pour les matières premières et semi-finies en direction de l'intérieur. D'après elles, ce manque de tarifs groupés signifie que les grands centres sont plus avantagés que les plus petits centres et qu'il existe des différences injustifiées entre les grands centres. Du fait

que les petits centres ne sont pas groupés avec des centres plus importants, l'expansion industrielle, disent les provinces, tend à se limiter aux grandes villes. Les exemples suivants sont donnés comme révélateurs de situations où le groupement des tarifs serait souhaitable:

4. TARIFS GROUPÉS

De	À	Produit	Tarif (en cents pour 100 livres)
Hamilton (Ont.).....	Edmonton (Alb.).....	Tôle d'acier.....	246
Hamilton (Ont.).....	Redwater (Alb.).....	Tôle d'acier.....	251
Toronto (Ont.).....	Regina (Sask.).....	Fer et acier.....	257
Toronto (Ont.).....	Saskatoon (Sask.).....	Fer et acier.....	278

A la Conférence sur les perspectives économiques de l'Ouest, les provinces présenteront certainement d'autres problèmes précis relatifs aux tarifs de transport. Une seconde liste, plus complète, sera donc préparée peu après la fin de la conférence. Nous savons par exemple que les tarifs ferroviaires pour les tracteurs agricoles et autres machines agricoles, constituent un problème. Il semble que les tarifs ferroviaires soient plus élevés pour les tracteurs agricoles que pour les tracteurs industriels tandis que les autres machines agricoles sont transportées aux tarifs encore plus élevés de la classe 40, de Brandon à diverses localités dans les Prairies.

Les exemples indiqués ne font que confirmer mon opinion que l'un des points principaux de la discussion des transports à la Conférence, sera l'intérêt public dans le cadre de la Loi nationale sur les transports. A mon avis, la décision prise par la Commission dans le cas des graines de colza, constitue un pas important vers une meilleure interprétation de l'expression «intérêt public» et je pense

que la Conférence nous offre des possibilités de mettre au point cette idée. Les gouvernements voudront peut-être envisager la rédaction d'un communiqué fédéral-provincial à la fin de la Conférence sur les perspectives économiques de l'Ouest, communiqué qui établirait en détail les rapports entre les transports et l'expansion économique régionale, et constituerait un document de référence utile pour les cas qui pourront être présentés à la Commission à l'avenir.

J'aimerais demander à la Commission, en vertu de l'article 22 de la Loi nationale sur les transports, de se baser sur ce qui précède pour étudier les questions économiques implicites dans les différences de tarif mentionnées sous les quatre rubriques de la présente, et de présenter le rapport de ces études.

Je vous prie d'agréer, cher monsieur Benson, l'expression de mes sentiments les meilleurs.

JEAN MARCHAND

RÉPONSE
du
Président de la Commission canadienne des transports
à
Monsieur Jean Marchand, Ministre des Transports
sur
les dispositions de la Loi nationale sur les transports
relatives aux tarifs marchandises et aux appels y afférents

SOMMAIRE

Réponse du 19 juillet 1973 adressée par le Président de la Commission canadienne des transports, M. E. J. Benson, à l'Honorable Jean Marchand, qui avait demandé à la Commission le 1^{er} juin une étude sur l'expédition par l'État fédéral des affaires de tarifs marchandises et des appels y relatifs, dans l'exercice de la police administrative; et rapport présentant les constatations et recommandations déjà arrêtées, conformément à l'article 22 de la Loi nationale sur les transports.

M. Benson, dans sa lettre de présentation du rapport provisoire à M. Marchand, déclare que l'étude d'ensemble de l'expédition par l'administration fédérale des affaires de tarifs marchandises et des procédures d'appel y relatives a été entreprise à titre prioritaire et que l'examen des procédures est divisée en deux grandes catégories: la première concerne les méthodes déjà suivies ou sur le point de l'être; la seconde intéresse des questions qui demandent une étude approfondie, en raison des difficultés juridiques et techniques qu'elles soulèvent.

Le rapport provisoire de la Commission expose les progrès accomplis dans la première catégorie et énonce de façon plus générale les autres questions qui ne pourront être traitées que plus tard. Le rapport de la C.C.T. sera suivi, dans les meilleurs délais, d'un second document.

Le rapport intérimaire de la C.C.T. traite des méthodes adoptées pour l'enquête sur les prix de revient effectuée en 1967 et 1968, ainsi que pour les affaires qui relèvent de l'article 23 de la Loi nationale sur les transports: affaire du colza et affaire du papier journal.

Les solutions retenues pour l'amélioration des procédures comprennent:

—**Procédure simplifiée:** La Commission a l'intention d'établir à titre facultatif une procédure simplifiée, qui s'offrirait aux parties pour la demande en autorisation d'appel et pour l'appel au fond. Les simplifications qui seraient ainsi introduites, de même qu'un plus large recours aux conférences préalables pour l'établissement des circonstances de fait de la cause, accélèreraient le règlement des affaires aussi bien à la première qu'à la seconde phase de la procédure.

—**Condamnation aux dépens:** Sous réserve des droits individuels reconnus par la Loi, la Commission n'hésiterait pas à condamner aux dépens la partie qui abuserait des moyens de procédure pour retarder ou entraver l'expédition d'une affaire de tarifs marchandises, comme le font presque toujours les tribunaux civils.

—**Points qui ne peuvent faire l'objet d'un rapport avant une étude plus poussée:**

- a) Les prix de revient ferroviaires et leur publication: la nécessité d'assurer au maximum la publication des prix de revient a été affirmée par la Commission en 1969. L'application de ce principe aux affaires de tarifs marchandises demande à être examinée de plus près, aux plans juridique et technique, et il y a lieu de consulter à ce sujet les provinces, les usagers et les chemins de fer.
- b) L'intérêt public et l'article 54 de la Loi nationale sur les transports: cet article prévoit la désignation par le Ministre de la Justice d'un avocat chargé de représenter l'intérêt public. La Commission recommandera s'il y a lieu des mesures pour l'application de l'article 54. Ce faisant, elle tiendra compte de ce que, jusqu'ici, les gouvernements provinciaux, les usagers et les chemins de fer ont plaidé l'intérêt public envisagé de leur point de vue, ce qu'ils continueront vraisemblablement de faire.
- c) Rôle d'information et de médiation: la C.C.T. a déjà, à l'occasion, assisté les usagers en les informant du régime des tarifs marchandises et des voies qui s'ouvriraient à eux; elle a aussi joué un rôle d'intermédiaire, en transmettant aux sociétés ferroviaires les doléances du public et en réglant de nombreuses affaires sans forme de procès. En consultation avec les chemins de fer et les gouvernements provinciaux qui, pour la plupart, ont des bureaux ou des services consultatifs en matière de fret, il serait possible d'instituer un mécanisme permettant, en dehors de tout formalisme, de régler efficacement les malentendus, et d'assurer peut-être la médiation lorsque toutes les parties reconnaîtraient la possibilité d'une intervention utile de la Commission.

RAPPORT DE LA COMMISSION CANADIENNE DES TRANSPORTS AU MINISTRE DES TRANSPORTS, QUI LUI A DEMANDÉ, AU TITRE DE L'ARTICLE 22 DE LA LOI NATIONALE SUR LES TRANSPORTS, UNE ÉTUDE GÉNÉRALE SUR L'EXPÉDITION PAR L'ÉTAT FÉDÉRAL DES AFFAIRES DE TARIFS MARCHANDISES ET DES APPELS Y RELATIFS, DANS L'EXERCICE DE LA POLICE ADMINISTRATIVE

Vous avez demandé à la Commission canadienne des transports d'effectuer une étude générale des méthodes par lesquelles s'exerce actuellement l'activité fédérale de police administrative dans les affaires de fret et les appels y relatifs, et de vous communiquer sur ce sujet ses constatations, et ses recommandations le cas échéant, selon ce qui est prévu à l'article 22 de la Loi nationale sur les transports. Vous avez indiqué que cette étude serait axée principalement sur les domaines de compétence de la Commission qui relèvent de l'article 23 de la Loi nationale sur les transports, et demandé que la Commission propose en outre les modifications qui lui paraîtraient opportunes des matières qui sortent du cadre immédiat de ses pouvoirs. Vous avez enfin prévu pour ces travaux la consultation d'organismes extérieurs, et notamment des provinces.

Étant donné qu'il faudra un certain temps pour mener cette tâche à bien, il paraît d'ores et déjà souhaitable de vous indiquer les modifications de procédure déjà apportées ou en cours d'introduction, qui ont pour but de rendre moins onéreux et moins longs pour les parties les recours qu'elles forment contre les taux de fret, et de vous signaler les questions dont l'étude en profondeur ne peut être achevée immédiatement, pour des raisons de complexité juridique et technique et à cause de l'opportunité de procéder à des consultations extérieures.

Contraintes légales

Il paraît utile de préciser ici les méthodes que la loi fait obligation à la Commission de suivre pour le règlement des plaintes et appels portant sur des questions de fret: article 23 de la Loi nationale sur les transports, qui l'oblige à rechercher l'intérêt public; articles divers de la Loi sur les chemins de fer et de la Loi sur les transports, qui ouvrent des voies de recours aux expéditeurs de fret dans des cas nettement définis.

La Commission canadienne des transports est érigée en Cour d'archives, ce qui lui confère tous les pouvoirs des Cours supérieures dans l'exercice de ses attributions. En cette qualité, elle est tenue de suivre les usages des tribunaux pour juger des appels et des plaintes prévus par les textes ci-dessus. Voilà pourquoi, dans les affaires contentieuses, la Commission entend très souvent en audience publique les appels ou plaintes qui concernent le fret, dans le but premier de s'assurer que chaque partie ait toute possibilité d'établir sa preuve et de plaider sa cause. De même, chaque fois que, dans une affaire qui relève de l'article 23 de la Loi nationale sur les transports, un requérant a établi la preuve *a priori* exigée et a été autorisé à faire appel de l'acte, l'omission ou le tarif du transporteur, c'est la Loi elle-même qui exige la tenue d'une telle audience.

La partie mécontente d'une décision rendue par la Commission en vertu de l'une ou l'autre des dispositions ci-dessus peut faire appel soit devant le Gouverneur en Conseil quant au fond, soit devant la Cour fédérale du Canada quant aux

questions de droit ou de compétence. L'article 64(1) de la Loi nationale sur les transports confère au Gouverneur en Conseil de larges pouvoirs pour émender, casser ou modifier toute décision de la Commission; la Cour fédérale a celui de redresser les erreurs de droit ou de compétence commises par la Commission dans une décision, et celui de réparer toute violation des principes de l'équité qui peut avoir été commise dans le cours d'une instance, comme par exemple le défaut de donner pleine et entière possibilité à une partie de se faire entendre avant le jugement.

Dans le cadre des contraintes juridiques ainsi exposées, la Commission dispose d'une large liberté d'appréciation et de choix des méthodes, c'est sur ces dernières que porte le présent rapport.

Examen des procédures

Pour être en mesure de bien comprendre les procédures actuellement suivies par la Commission pour le règlement des appels et des plaintes et celles qu'elle a l'intention d'introduire incessamment, il importe d'examiner d'abord celles que la Commission a établies pour les causes ardues qui se sont présentées dans le domaine ferroviaire. L'approche adoptée par la Commission à cet égard est essentiellement pragmatique, en sorte que les méthodes élaborées jusqu'ici doivent leur efficacité aux leçons de l'expérience. Dans l'instauration de nouvelles procédures, ce qu'elle est actuellement en voie de faire, la Commission conservera cette approche et compte ainsi adopter des procédures qui réduiront au strict minimum les dépenses de temps et d'argent nécessaires à l'examen complet des affaires de tarification ferroviaire, depuis la phase initiale jusqu'à la phase terminale.

L'examen des procédures adoptées par la Commission en matière ferroviaire débutera par les processus qui ont été mis au point au cours de l'enquête sur les prix de revient effectuée en 1967 et 1968; elles sont en effet à l'origine d'un grand nombre d'améliorations que la Commission espère appliquer le plus tôt possible dans l'audition des affaires tarifaires du rail.

L'enquête sur les prix de revient

L'un des premiers actes de la Commission canadienne des transports créée en septembre 1967 a été, suivant un engagement pris par le ministre des Transports, de tenir une série d'audiences publiques portant sur la définition de règles d'établissement des prix de revient, pour l'application de la Loi sur les chemins de fer. L'article 23 de la Loi nationale sur les transports vise les articles 276, 277 et 278 de la Loi sur les chemins de fer, lesquels prévoient les limites dans lesquelles doivent se situer les taux de transport des marchandises:

- a) Le taux doit obligatoirement être compensatoire; le prix du transport doit dépasser son coût variable tel qu'il est déterminé par la Commission;

- b) Le client captif présentant les conditions exigées pour l'attribution d'un taux fixe peut exiger que le prix du transport ne dépasse pas 150% du coût variable.

Les nouvelles dispositions adoptées avec la Loi nationale sur les transports font également du prix de revient un élément de détermination de la «perte réelle» (définie aux articles modifiés de la Loi sur les chemins de fer qui traitent des abandons d'embranchement et des suppressions de services voyageurs) ainsi que du montant de la subvention à accorder au titre des lignes et services non rentables maintenus en fonctionnement pour des raisons d'intérêt public.

Devant la complexité d'application des dispositions récentes rattachées aux prix de revient, la Commission a adopté une formule nouvelle pour la tenue des audiences à l'occasion de son enquête sur les prix de revient:

- (1) La Commission a retenu les services d'un bureau de conseils en gestion dirigé par M. W. B. Saunders, spécialiste de la comptabilité analytique d'exploitation dont la réputation n'était plus à faire auprès de nombreuses parties à l'enquête. M. Saunders a présidé un Comité technique auquel étaient représentés les dix provinces, les chemins de fer, les transporteurs routiers, l'industrie céréalière de l'Ouest, les groupements d'usagers, etc.
- (2) Ce spécialiste et son équipe ont travaillé en collaboration avec le personnel de comptabilité analytique de la Commission, qui avait élaboré la première Ordonnance sur les frais rendue en avril 1967 après la promulgation de la partie V de la Loi nationale sur les transports.
- (3) La mission du Comité technique consistait principalement à participer à la collecte de toute l'information utile disponible sur les coûts ferroviaires, ainsi qu'à définir les questions, divisées à l'intention du Comité des transports par chemin de fer entre celles sur lesquelles il y avait accord, celles sur lesquelles il était convenu de poursuivre les recherches ou l'étude, et enfin celles sur lesquelles il y avait désaccord. Un tel processus n'aurait pu fonctionner sans l'obligeance mise par Canadien National et Canadien Pacifique à mettre à la disposition de M. Saunders, tout comme s'il s'était agi du Comité lui-même, leur personnel technique et leur documentation relative aux méthodes de calcul et d'imputation des coûts ferroviaires. Ils ont également communiqué une somme importante de renseignements aux parties à la procédure.
- (4) En l'espace de 5 mois, M. Saunders et ses collaborateurs ont présenté 38 rapports techniques, accompagnés de tableaux, traitant de tous les aspects importants de l'établissement et de l'imputation des prix de revient ferroviaires. Le texte en a été distribué à toutes les parties, ainsi qu'à leurs experts, conseils et avocats. M. Saunders a également présenté au Comité l'énoncé des ques-

tions sur lesquelles un accord avait été réalisé, de celles sur lesquelles il avait été convenu de pousser les études, et enfin de celles sur lesquelles il y avait désaccord. Cet état de situation précisait également de façon détaillée les recommandations de M. Saunders relatives à la forme et à la teneur de l'Ordonnance sur les frais.

- (5) Le mois suivant, les parties, sur la base notamment des travaux de M. Saunders, présentaient leurs mémoires au Comité. Ces documents formulaient de longues observations sur les recommandations de M. Saunders, en même temps que des propositions originales sur la forme et la teneur de l'Ordonnance sur les frais.
- (6) Enfin, le mois suivant, les audiences publiques de l'enquête sur les prix de revient s'ouvraient en la salle d'audiences de la Commission canadienne des transports. Dans ses travaux, le Comité technique s'était principalement attaché aux problèmes techniques posés par la définition des éléments et des facteurs à prendre en compte dans la détermination des prix de revient. Il a su tenir compte des difficultés et des complexités de cette discipline délicate, tenant à la fois de la science et de l'art, qui tend au calcul des prix de revient, comme les recommandations des experts qui ont suivi. Le caractère épineux d'une telle tâche ressort pleinement des dépositions présentées au Comité au cours des 25 jours d'audience qui se sont déroulés entre septembre et novembre 1968.

Il a fallu à la Commission 6 mois pour apprécier les pièces du dossier; les Motifs de l'Ordonnance n° R-6313—règlements concernant les frais ont été publiés le 5 août 1969.

AFFAIRES RELEVANT DE L'ARTICLE 23 DE LA LOI NATIONALE SUR LES TRANSPORTS

1. L'affaire de la graine de colza

La requête initiale présentée au titre de l'article 23 de la Loi nationale sur les transports en date du 14 octobre 1970 demandait l'autorisation de faire appel de certains actes ou omissions et de certains taux de transport ferroviaire intéressant ou frappant la graine de colza, la farine de colza et l'huile de colza acheminées à l'arrivée, en traversée et au départ des usines de transformation des requérantes. Étaient parties à cette affaire, en qualité d'appelantes, intimées ou intervenantes, des sociétés de l'Ouest et de l'Est du Canada ainsi que les provinces d'Alberta, Manitoba, Saskatchewan, Ontario et Québec.

La demande d'autorisation d'appel a été entendue à Winnipeg les 29 et 30 avril 1971. La Commission autorisait l'appel par décision du 2 novembre 1971.

Forte de l'expérience acquise pendant l'enquête sur les prix de revient, la Commission convoqua une conférence des parties au litige après avoir autorisé l'appel. Il y a lieu de dire en toute franchise que les résultats de

cette conférence, comme ceux d'une seconde qui a suivi la première, n'ont pas justifié les espoirs de la Commission. Après la première conférence, le Comité des transports par chemin de fer donnait ses instructions de procédure, en date du 16 décembre 1971, par lesquelles il fixait les délais suivants:

- a) **10 janvier 1972:** dépôt, auprès du Secrétaire, des documents propres à mettre la requête à jour au 14 octobre 1970, et signification aux parties intimées et intervenantes;
- b) **31 janvier 1972:** dépôt, auprès du Secrétaire, des réponses des intimées et des interventions des intervenantes, et signification aux requérantes et autres intéressés;
- c) **10 février 1972:** dépôt, auprès du Secrétaire, des répliques éventuelles des requérantes aux réponses des intimées et aux interventions des intervenantes, avec signification aux intimées et intervenantes;
- d) **28 février 1972:** conférence préalable en la salle d'audience de la Commission à Ottawa, au 400 de l'avenue Laurier ouest, chargée de constater les points d'accord et questions devant faire l'objet d'une enquête et d'une audition aux termes de l'alinéa 23(4) de la Loi nationale sur les transports, ainsi que de déterminer la teneur de cette étude comme de toutes autres questions qu'elle pourrait soulever.

A cette conférence, réunie à Ottawa le 28 février 1972, le calendrier suivant a été convenu et adopté par la Commission (traduction):

«En premier lieu, les répliques des requérants aux interventions des usines de broyage de l'Est seront déposées le 6 mars 1972 au plus tard.

En deuxième lieu, les points de vue des usines de broyages intervenantes qui ont été abordés aujourd'hui, c'est-à-dire la décision à leur égard sera annoncée dans le corps même du jugement définitif de l'affaire, donc une fois obtenues les dépositions. Cela veut dire qu'aucune des parties ne doit être réputée avoir subi un préjudice du fait de la présence des intervenantes à l'instance, ni n'en subira effectivement, et que les intervenantes ne seront pas réputées avoir renoncé à leur point de vue dans cette solution. Les intervenantes participeront à l'instance munies des mêmes droits que s'il avait été jugé qu'elles y sont parties, et la Commission dira *in fine* si elles étaient recevables.

En troisième lieu, les documents apportés en preuve par la requérante et par celles des intervenantes qui l'appuient seront déposés et signifiés au plus tard le lundi 4 avril 1972; ceux des intimés et des intervenantes qui les appuient, ou plutôt qui s'opposent à la requête seront déposés et signifiés au plus tard le 24 avril 1972.

En quatrième lieu, l'audition, les audiences publiques exigées par l'article 23 débiteront le 24 avril 1972, et enfin les requérantes et les intervenantes qui appuient la requête se réservent le droit de demander quelques jours d'ajournement entre la fin du contre-interrogatoire et le réinterrogatoire des témoins de la requérante, et le début du contre-interrogatoire des témoins qui doivent être appelés à déposer contre la requête.»

L'audition de l'affaire, à laquelle ont été consacrés 37 jours d'audience et 5,000 pages de dépositions et de plaidoiries, s'est effectuée à Saskatoon, Toronto et Ottawa entre le 24 avril 1972 et le 21 juillet de la même année. L'enquête de la Commission, puis l'analyse des dépositions et la rédaction de la décision se sont poursuivies jusqu'au 27 juin 1973, date de la publication de la décision.

L'AUDITION DE L'AFFAIRE DU COLZA

Sur la suggestion de la Commission, à la clôture des débats sur l'affaire du colza, les parties se sont rencontrées avec la Commission, en dehors de tout formalisme, pour discuter des voies et moyens d'améliorer la procédure et d'accélérer la solution des affaires. Les extraits suivants du procès-verbal résument le point de vue des personnes présentes, qui traduisait essentiellement l'expérience acquise au terme d'une longue et coûteuse procédure:

- «(1) Je me suis principalement attaché à rechercher les moyens de faire participer les audiences au règlement des questions en litige plutôt qu'à la collecte des renseignements qui, dans cette affaire, ont été tirés par voie de contre-interrogatoire alors que, comme la plupart je pense l'admettront, ils auraient pu être fournis et versés au dossier à l'avance.
- (2) Je me demande s'il n'y a pas un moyen quelconque d'essayer,—sans vouloir faire jouer à la Commission un rôle d'arbitre ou quoi que ce soit du genre,—d'essayer de trouver, une fois que les parties se connaissent, un moyen de procéder à une rencontre, en présence peut-être du personnel de la Commission ou de quelqu'un du genre, pour voir si une personne étrangère à l'affaire ne pourrait pas amener les parties à définir d'un commun accord ce sur quoi elles s'opposent et alors, dans les débuts du procès, je pense que fatalement on comprendrait le rôle et l'effet d'une telle chose.
- (3) Je suis très partisan de ce procédé (échange d'interrogations écrites entre les parties) comme moyen de réduire en grande partie le nombre de ces renseignements qu'il faut finalement extraire du témoin à la barre, les faits, les chiffres, etc. qu'il serait préférable d'avoir d'avance pour pouvoir les examiner et décider s'ils ont un rapport avec l'affaire, au lieu de perdre le temps des audiences à arracher des bribes d'information qui, sans doute, se révéleront inutiles à la fin de l'instance, une fois que les chiffres seront établis.
- (4) La deuxième difficulté que je vois c'est que, lorsque les parties s'interrogent sur la stratégie à adopter dans les débuts de la procédure, et nous l'avons déjà vu auparavant, c'est qu'elles sont dans l'obligation de l'énoncer alors que les exposés de preuve et les conclusions ne sont pas encore signifiés. Les conclusions par exemple, et si l'on examine celles de la présente instance, on voit que chaque partie essayait de réserver ses options, n'ayant pas d'idée exacte de ce que seraient les dépositions. J'estime que ce genre de conférence, ou d'audience, pourrait être plus utile et présenter de meilleures chances de réussite, si d'une façon ou d'une autre, on pouvait l'organiser après le dépôt des exposés, ou d'un plan quelconque des dépositions que les parties ont l'intention d'apporter en preuve.

- (5) Il y aurait certainement une grande économie de temps à échanger des renseignements avant l'audience, et c'est avec raison je pense qu'on a observé qu'en abordant l'audience, toutes les parties cherchent à en dire le moins possible sur ce qu'elles doivent révéler, sur ce qui est nécessaire, de crainte de s'enfermer dans une position quelconque. Je pense donc qu'il n'y a pas de raisons de craindre que ce genre de difficulté se prolonge indéfiniment.
- (6) A mon avis, il importe d'essayer, au cours de la ou des réunions préalables, d'obtenir le plus de données possible, de définir les points le plus possible pour n'avoir plus à y revenir, en sorte que lorsque viendront les débats qui ont tendance à s'allonger, il y aura déjà le plus de choses possible de réglées. Cela, bien sûr, dans la sauvegarde de tous les droits immédiats des parties. Mais cette réserve faite, je crois qu'il faut chercher dans toute la mesure possible à élucider ces points, les questions de fait, afin de débrouiller le plus de choses possible avant l'audience.
- (7) Il y a une chose dont nous sommes au courant, et j'espère ne rien dire ici d'irrégulier, c'est qu'en certains cas on puisse envisager de se passer de déposition écrite. Nous estimons, je pense, qu'en pareil cas, il faudrait faire circuler d'avance le plus de renseignements possible pour qu'ils puissent être utilement analysés. Il n'est sûrement pas question de procéder à une audition sérieuse sans un échange des éléments de preuve de même que de toute la documentation possible, suffisamment tôt avant l'audition.
- (8) Mais si nous avons recours à la poste le plus que nous pouvons, et je pense que le règlement le prévoit, on peut se débarrasser de tout cela j'en suis sûr par simple envoi de courrier. Je pense que les réunions devraient être consacrées aux questions litigieuses, et aux sujets qu'on ne peut mettre en train que lorsqu'on est face à face.
- (9) Je pense que la décision qui sera rendue dans cette affaire contribuera de façon très tangible à abrégier la procédure. Mais je crois néanmoins que la mission de l'avocat le destine tout spécialement au rôle de négociateur, et il serait très utile de se réunir immédiatement avant l'ouverture de l'audience, en présence peut-être d'un administrateur supérieur de votre personnel, peut-être d'un membre de la Commission ne siégeant pas dans l'affaire, pour servir d'animateur.
- (10) Voilà ce que j'espère réaliser, mais de façon générale sur le second point on pourrait insister, sur l'instruction des affaires, et il pourrait y avoir intérêt—c'est une chose encore imprécise dans mon esprit—intérêt pour tous qu'on communique, à toutes les personnes présentes à une audience publique, un document qui préciserait la nature des choses à examiner et quelle conclusion préliminaire les services très efficaces et très compétents de la Commission pourraient présenter; peut-être qu'avec la procédure de l'instruction et le concours de ces services on pourrait ainsi dégrossir quelques-unes des questions ou une partie de la procédure.»

2. L'affaire du papier journal

Dans cette affaire relevant de l'article 23, l'autorisation d'appel a été donnée le 26 mai 1972. Une conférence préparatoire organisée par le Comité du transport

par chemin de fer le 7 septembre 1972 s'est penchée sur la procédure à suivre pour les dépositions principales au cours de l'audition qui devait s'ouvrir le 14 novembre 1972. Une décision rendue postérieurement à cette conférence énonçait ce qui suit:

«Depuis quelques années l'habitude a été prise dans certains cas soumis à la Commission de communiquer le texte des dépositions principales aux parties et aux intervenants, avant les audiences, puis, lorsque les témoins sont appelés à témoigner, de les dispenser d'en effectuer la lecture ou la présentation orale. Ainsi, une fois ses qualités énoncées et le texte de la déposition principale officiellement versé, le témoin peut être contre-interrogé sur sa déposition écrite tout comme s'il avait témoigné de vive voix, de la façon ordinaire.

Dans les cas qui soulèvent des questions financières, économiques ou techniques complexes, cette pratique a bien des avantages. Elle permet aux parties et aux intervenants de préparer leur cause en pleine connaissance des points litigieux à résoudre, et sa conséquence la plus importante est d'épargner le temps de tous ceux qui participent à des audiences susceptibles d'être longues et coûteuses.

Il faut toutefois noter que cette pratique n'a été adoptée que lorsqu'il y avait accord unanime des parties, des intervenants et de la Commission.»

Des oppositions s'étant manifestées, le président du Comité statuait dans les termes qui suivent:

«Le président: Pour dire les choses le plus simplement possible, nous pensons que les parties à la présente affaire doivent avoir la possibilité d'établir leur preuve comme bon leur semble. Il n'a pas été convenu, c'est évident, qu'elles pourraient le faire par distribution de dépositions écrites à l'avance, comme cela s'est déjà produit en d'autres occasions, et comme il n'y a pas eu d'accord à cet effet, nous ne nous reconnaissons pas le pouvoir d'imposer cette solution à aucune des parties.»

Cette décision fut suivie de longues discussions sur la procédure à suivre à l'audience, discussions qui menèrent à un accord général sur les points suivants:

- «(1) Les dépositions des requérantes seront entendues d'abord, et chacun des témoins des requérantes présentera de vive voix sa déposition principale, de la façon ordinaire, à la suite de quoi il pourra être contre-interrogé par l'avocat des intimés. Puisque les intervenants sont d'accord pour appuyer les requérantes, il ne leur sera pas permis de contre-interroger les témoins de ces dernières.
- (2) Une fois close la preuve des requérantes, les témoins de chacun des intervenants viendront témoigner, puis seront contre-interrogés par l'avocat des intimés.
- (3) Une fois close la preuve des intervenants, c'est la preuve des intimés qui sera entendue. Suivant la pratique ordinaire à la Commission, l'avocat des requérants et de chacun des intervenants pourra contre-interroger les témoins des intimés, mais le Comité compte bien que cela soit fait de manière à éviter les redites.
- (4) Une fois close la preuve des intimés, les requérantes auront la preuve contraire, de même que les intervenants, mais ces derniers dans la mesure seulement où la preuve des intimés touche directement à leurs dépositions propres.

- (5) Les plaidoiries se feront de vive voix, à une date qui sera déterminée lorsque le Comité aura reçu l'avis des avocats à ce sujet.
- (6) Les parties et les intervenants s'efforceront, dans la mesure du possible, de mettre à la disposition les uns des autres, avant le début de l'audience du 14 novembre, ou aussi tôt que possible par la suite, tous écrits qu'ils entendent verser au dossier de l'affaire. Lors de la conférence préparatoire, le Comité a clairement exprimé son désir d'éviter les longues formalités, l'identification et la description des pièces et son désir de voir adopter une procédure assurant que les pièces à verser soient déposées au Greffe avant leur présentation par les témoins. Tous ont vu que l'adoption d'une telle procédure était souhaitable.
- (7) Afin de simplifier les questions soulevées par l'affaire, il a été proposé aux parties et aux intervenants de rencontrer un fonctionnaire supérieur de la Commission, en l'occurrence M. Hanley, son directeur exécutif de l'exploitation et des tarifs, pour faire l'accord sur le plus de faits qu'il serait possible. Cette mesure a été convenue et, depuis le 7 septembre, M. Hanley a rencontré dans ce but, à maintes reprises, les représentants des parties et des intervenants, en conséquence de quoi le Comité annexera à la présente, dès qu'il sera établi, un énoncé de faits non contestés. Le Comité a l'intention de verser cet énoncé au dossier au début de l'audience du 14 novembre.»

L'énoncé des faits non contestés ainsi produit a été versé au dossier de la façon prévue. On remarquera la similitude qui existe entre cette procédure et celle qui avait été proposée à la clôture des débats sur l'affaire du colza par les parties au litige. Elle a permis d'épargner au moins deux semaines d'audience.

L'audition de l'affaire du papier journal a nécessité 27 jours d'audience entre le 14 novembre et le 5 décembre 1972 d'une part, et le 1^{er} mars et le 16 mars 1973. La Commission poursuit ses travaux et l'affaire est pendante.

PROCÉDURE MODIFIÉE POUR LES AFFAIRES RELEVANT DE L'ARTICLE 23

La conférence qui a permis dans l'affaire du papier journal de régler des points normalement litigieux, comme on vient de le voir, est un moyen que la Commission tiendra à mettre en œuvre dans toute la limite de ses pouvoirs, chaque fois que se présentera une affaire de tarifs marchandises.

PROBLÈMES PROCÉDURAUX ET AMÉLIORATIONS

L'obstacle majeur qui se pose quand on cherche des méthodes rapides pour l'expédition des affaires qui relèvent de l'article 23 tient au caractère contradictoire de la procédure: les adversaires cherchent à en tirer le maximum de parti pour la défense de leurs droits, selon ce qu'a pu voir la Commission. Compte tenu des contraintes

juridiques alors imposées à la Commission, ainsi que de l'importance actuellement donnée par les tribunaux à l'observation stricte des règles de la justice naturelle, on voit mal comment la Commission pourrait faire plus pour simplifier les formalités que de recourir à la conférence préalable aux débats, pour essayer de faire l'accord sur les questions de fait chaque fois que possible, et de définir les points auxquels l'audience sera limitée.

LE DROIT D'ÊTRE ENTENDU

Il importe de ne pas perdre de vue que de façon générale il suffit, pour satisfaire aux exigences de la justice naturelle, de donner aux parties la possibilité de participer pleinement aux étapes de la procédure qui précèdent et qui concernent l'audience. Le principe fondamental à respecter, comme il a déjà été dit, est que chaque intéressé puisse être entendu avant la décision, mais il importe au même titre qu'aucune intéressé ne soit exclu d'une phase quelconque du processus d'élaboration de la décision, ce qui s'applique autant aux travaux préparatoires qui précèdent l'audience qu'à l'audience même.

Il y aurait peut-être lieu, au sujet de la conférence préalable, de consulter de nouveau par exemple les provinces et les sociétés ferroviaires, avant que les modalités de la phase préparatoire de l'audience n'aient été définitivement fixées, mais son utilité paraît si généralement admise que, en l'absence de nécessité impérieuse, la Commission ira dans le sens indiqué, de sa propre initiative.

De ce qui précède, il résulte que la Commission voit à son pouvoir des limites au-delà desquelles elle ne saurait demander aux parties de renoncer à leur droit légal strict d'être entendues à l'audience, d'y déposer et d'y plaider, ni à celui d'assister à toutes les procédures préliminaires. Il ne serait pas non plus opportun, pensons-nous, de recommander l'amputation de ces droits; les inconvénients n'en seraient pas contrebalancés par l'avantage du gain de temps obtenu dans la solution des appels et des plaintes en matière de tarifs des transports.

PROCÉDURE SIMPLIFIÉE

Il existe toutefois une seconde voie présentant beaucoup d'avantages, que les parties peuvent choisir d'un commun accord. Il s'agit d'une procédure simplifiée, facultative, que la Commission a l'intention d'offrir en alternative aux parties pour accélérer le règlement de leur affaire. Elle pourrait être adoptée, dans les cas d'application de l'article 23, aussi bien à l'étape de l'autorisation d'appel que pour l'audience au fond.

Étant donné que pour l'autorisation d'appel, on examine la simple possibilité que l'action, l'omission ou le taux soient contraires à l'intérêt public, il est probable qu'une procédure simplifiée soit plus aisément choisie. La Commission a rendu trois décisions sur des requêtes en autorisation d'appel au titre de l'article 23; ces décisions, autorisant toutes trois l'appel, ont posé les conditions à remplir par les requérants pour obtenir une telle autorisation. Malgré

l'opinion contraire énergiquement soutenue, la Commission a maintenu et statué que la procédure des autorisations d'appel devait être aussi simple que possible. Cela signifie essentiellement que le requérant peut procéder à une exposition par écrit, les documents ainsi déposés étant certifiés par voie de déclaration sous serment plutôt que de recourir à l'encombrant appareil du témoignage oral à l'audience. Ces décisions ont également réglé qu'à l'étape de l'autorisation d'appel, il est relativement plus facile de prouver la possibilité du préjudice à l'intérêt public («peut nuire» dit le texte de la Loi) que l'existence même d'un tel préjudice.

En procédure simplifiée, les documents déposés par les parties relativement à l'autorisation d'appel seraient analysés avant que ne soit prise la décision de tenir ou de ne pas tenir d'audience publique sur la requête en autorisation. S'il ressortait de cette analyse que la Commission soit suffisamment informée pour prendre une décision, elle pourrait le faire savoir aux parties en les priant de dire si elles renoncent à l'audience publique sur la question de l'autorisation d'appel. En cas de réponse affirmative de leur part, la décision pourrait être prise sur la base des pièces du dossier.

Une fois l'appel autorisé, les parties seraient invitées à une ou plusieurs conférences présidées par le personnel supérieur de la Commission plutôt que par une groupe de Commissaires. Dans le cas où il s'agirait principalement de tarifs marchandises, la conférence pourrait être présidée par un spécialiste en la matière occupant un poste de responsabilité. Dans le cas d'affaires de nature juridique ou économique, ce rôle pourrait être tenu par des administrateurs supérieurs de la discipline concernée, l'objectif consistant toujours à rechercher dans toute la mesure possible un accord sur les faits et les questions de la cause. En d'autres termes, la Commission s'inspirerait de la méthode suivie dans l'enquête sur les prix de revient dont il a déjà été parlé, en procédures simplifiée aussi bien qu'en procédure longue.

En tout état de cause, après la ou les conférences, le président de séances présenterait à toutes les parties un rapport auquel il est espéré qu'elles adhèreraient. La Commission mettrait alors l'affaire en distribution, étant entendu que les faits et les points d'accord ne seraient pas soumis aux règles habituelles de la preuve en d'autres termes, le rapport pourrait être versé au dossier; l'aveu de toutes les parties, comme cela a été fait dans l'affaire de papier journal.

CONDAMNATION AU DÉPENS

La possibilité reste entière qu'une des parties à une cause entamée au titre de l'article 23 de la Loi nationale sur les transports refuse de suivre la procédure simplifiée énoncée ci-dessus. Il est également possible que, tout en participant à une conférence préalable, elle refuse de donner son aveu ou son adhésion à des faits ou des points sur lesquels la Commission chercherait à obtenir un accord. Il faudrait alors que l'appel ou la plainte soit entendu presque uniquement suivant la longue procédure des audiences publiques.

Sous réserve du respect de tous les droits conférés par la loi, dans les cas où la Commission constaterait qu'une

partie a abusé des moyens à sa disposition pour retarder ou entraver le règlement d'une affaire de tarifs marchandises faisant véritablement grief, le Commission n'hésiterait pas à la condamner aux dépens de la procédure, comme c'est presque toujours le cas devant les tribunaux civils.

PLAINTES RELEVANT D'AUTRES ARTICLES DES LOIS

On vient de voir les améliorations de procédure que la Commission a apportées ou s'appête à introduire à l'égard des affaires qui relèvent de l'article 23 de la Loi nationale sur les transports. Il existe deux articles (277 et 278) de la Loi sur les chemins de fer qui permettent de porter plainte contre les niveaux minimums et maximums des tarifs marchandises; et deux autres (articles 32 et 33) de la Loi sur les transports permettent de porter plainte contre les prix de transport convenus entre les sociétés ferroviaires et leurs clients. Une requête a déjà été présentée au titre de l'article 278 de la Loi sur les chemins de fer, mais comme la réponse à des questions préalables portant sur la qualité de ce qu'on appelle «l'usager captif» est pendante, la procédure suivie pour l'application de cet article ne saurait être discutée ici. La décision ne saurait toutefois tarder et un nouveau rapport vous présentera les observations et les recommandations de la Commission à l'égard des affaires relevant de cet article.

Les articles 277 de la Loi sur les chemins de fer et 32 et 33 de la Loi sur les transports n'ont pas été invoqués devant la Commission, depuis sa création en 1967, et il est donc inutile de présenter des observations ou recommandations de procédure à leur sujet.

SUJETS QUI DEMANDENT À ÊTRE MIEUX ÉTUDIÉS AVANT DE FAIRE L'OBJET D'UN RAPPORT

En ce qui concerne les méthodes d'exercice de la police administrative en matière de tarifs marchandises, il y a au moins trois points importants que la Commission examine dans le cours de la présente étude, mais qu'il n'est pas possible de traiter actuellement. Ces points, en raison de leur difficulté juridique et technique, demanderont un certain temps d'étude; sur deux d'entre eux au moins, la Commission estime qu'il lui sera nécessaire de consulter des tiers avant de vous adresser un rapport définitif.

1. Détermination et publication des prix de revient des chemins de fer

Le premier de ces points est celui des prix de revient des chemins de fer et de leur publication.

La Loi nationale sur les transports a modifié la Loi sur les chemins de fer en déclarant confidentiels ceux des renseignements communiqués à la Commission dans le cours d'une enquête qui concernent les prix de revient des chemins de fer, et en interdisant leur publication dans tous

les cas où la Commission n'estime pas qu'elle soit nécessaire à la sauvegarde de l'intérêt public.

La publication des prix de revient, en matière d'abandon ou de rationalisation de lignes non rentables et de tarifs marchandises, a été longuement débattue au cours de l'enquête entreprise par le Comité des transports par chemins de fer sur les prix de revient ferroviaires. Les conclusions du Comité sur cette question ont été énoncées dans l'exposé des motifs qu'il a publié avec l'Ordonnance sur les frais du mois d'août 1969.

La principale conclusion était la suivante: «une divulgation raisonnable des renseignements relatifs aux frais (est) nécessaire dans l'intérêt public lorsque la Loi sur les chemins de fer exige du Comité la détermination des frais». Le principal motif empêchant la publication intégrale de tous les prix de revient était que certains renseignements communiqués à la Commission par les sociétés ferroviaires ne pouvaient être révélés sans préjudice réel à leur endroit, ce pourquoi il y était dit que ce genre de renseignements ne devait pas être publié.

Ce principe ainsi posé, le Comité examinait les circonstances particulières à prendre en compte à l'occasion des plaintes contre des tarifs marchandises présentées au titre des anciens articles 334 et 336, devenus 276, 277 et 278 de la Loi sur les chemins de fer. Le Comité déclarait à ce sujet:

«Les articles 334 et 336 de la Loi sur les chemins de fer créent un problème spécial relativement à la divulgation des renseignements relatifs aux frais.

L'article 334 exige que tous les taux de transport de marchandises soient compensatoires; le paragraphe (5) de cet article laisse toute personne libre de fournir au Comité, par plainte ou autrement, des renseignements «contenant une preuve *prima facie* qu'un taux de transport de marchandises... n'est pas compensatoire». Dans pareil cas, le Comité doit tenir une enquête pour déterminer si ce taux est ou non compensatoire.

Puisque pour être compensatoire un taux de transport de marchandises doit dépasser le coût variable, tel que déterminé par le Comité, du mouvement du trafic en cause, l'enquête du Comité comporte des renseignements relatifs aux frais ferroviaires qui seront régis par l'article 387C.

Du point de vue du plaignant, cela pose deux questions fondamentales relativement à la divulgation. Comment peut-il obtenir une preuve *prima facie* que le taux n'est pas compensatoire sans avoir accès aux renseignements relatifs aux frais, et dans quelle mesure les renseignements relatifs aux frais établis par le Comité dans son enquête fondée sur la plainte peuvent-ils être mis à la disposition du plaignant?

Le Comité est convaincu qu'il existe déjà une abondance de données fournies par les analyses de bordereaux d'expédition et les tarifs publiés qui permet de faire les comparaisons des caractéristiques de taux qui sont nécessaires pour faire une preuve *prima facie* contre un taux présumé non compensatoire et que la publication, à cette fin, des renseignements relatifs aux frais est inutile. Cependant, s'il s'avère que ce n'est pas le cas, le Comité étudiera la question.

Dès qu'une preuve *prima facie* a été faite, la nécessité de divulguer des renseignements relatifs aux frais obtenus au cours de l'enquête sur des taux présumés non compensatoires ne semble pas différer, en principe, de la nécessité de divulguer des renseignements de ce genre dans les cas d'abandon

d'embranchements ou de suppression de services de trains de voyageurs. En même temps, le Comité reconnaît que la divulgation dans un cas relevant de l'article 334 pourrait, dans certaines circonstances, comporter des renseignements protégés par le droit de propriété et dont la publication pourrait causer un tort réel à la compagnie de chemin de fer. Et, bien que tout expéditeur captif soit libre de demander, en vertu de l'article 336, la détermination des limites d'un taux fixé sans que cela comporte une tentative de sa part d'établir une étude de frais, le même problème relatif à la divulgation pourrait se poser lors de la décision relativement à une demande en vertu de cet article.

Cette question de la divulgation dans les causes relatives aux taux a été seulement effleurée dans les plaidoyers au cours de l'audition et a besoin d'être examinée davantage, surtout par les chemins de fer. Par conséquent, le Comité ne décide pas l'étendue de la divulgation des renseignements relatifs aux frais dans les cas prévus aux articles 334 et 336 de la Loi sur les chemins de fer jusqu'à ce que les circonstances relatives aux demandes en vertu de ces articles aient été évaluées.»

Dans l'affaire du colza, les procureurs de certaines des provinces de l'Ouest, se plaignant du peu de renseignements qu'ils possédaient sur les coûts ferroviaires correspondant aux tarifs en cause, ont insisté sur l'opportunité de faire connaître ces coûts, qui constituent un des critères essentiels du caractère équitable des taux attaqués au titre de l'article 23 de la Loi nationale sur les transports.

Il semble à la Commission, vu ce qui a été dit à l'occasion de la publication de son Ordonnance sur les frais et les discussions soulevées depuis que cette question demande à être entièrement réexaminée aux plans juridique et technique, et qu'il y a lieu d'entendre à ce sujet les provinces, les usagers des transports de marchandises et les chemins de fer.

2. L'intérêt public et l'article 54 de la Loi nationale sur les transports

Le deuxième point qui, de l'avis de la Commission, exige un examen en profondeur est celui de la représentation de l'intérêt public, que la Commission est chargée de rechercher dans les affaires relevant de l'article 54 de la Loi nationale sur les transports.

Chaque fois pour ainsi dire qu'une affaire importante de tarification des transports de marchandises s'est présentée devant la Commission ou l'organisme qui l'a précédée (Commission des Transports du Canada) depuis la fin de la seconde grande guerre, les sociétés ferroviaires étaient représentées par de grandes personnalités du Barreau et des diverses professions. Pendant la même période, les gouvernements provinciaux ont assumé la charge de représenter le public usager des transports de marchandises de leurs territoires respectifs, et à cette fin ils ont eu recours à d'autres personnalités aussi marquantes. Cette situation ne semble pas devoir changer. Dans l'affaire du colza, les gouvernements provinciaux de l'Alberta, du Manitoba, de l'Ontario, du Québec et de la Saskatchewan sont intervenus activement d'un côté et de l'autre; de même, l'affaire du papier journal a été marquée de l'intervention de l'Ontario et du Québec.

La police des tarifs marchandises s'exerce maintenant dans le cadre de la Politique nationale des transports, énoncée à l'article 3 de la Loi nationale sur les transports. Comme son nom l'indique, il s'agit d'une création parlementaire qui intéresse l'ensemble du territoire.

La Commission recherchera les recommandations qu'il pourrait y avoir lieu de vous présenter pour l'application de l'article 54 de la Loi nationale sur les transports, qui prévoit la désignation d'un avocat pour représenter l'intérêt public. Ce faisant, la Commission tiendra compte de ce que jusqu'ici les gouvernements provinciaux, les usagers et les chemins de fer se sont portés à la défense de l'intérêt public envisagé de leur point de vue propre, et que selon toute vraisemblance ils continueront de le faire.

L'article 54 de la Loi nationale sur les transports porte ce qui suit:

«La Commission peut, au sujet d'une demande, d'une procédure ou d'une affaire d'importance spéciale qui lui est soumise, si elle est d'avis que l'intérêt public le requiert, demander au ministre de la Justice de donner instruction à un avocat de conduire ou de plaider la cause ou de se faire entendre sur toute question particulière soulevée par la demande, la procédure ou l'affaire, relativement à un intérêt public qui y est ou peut y être concerné ou peut devenir concerné dans une ordonnance ou décision à rendre en l'espèce; et, sur pareille demande de la Commission, ou de son propre mouvement, le ministre de la Justice peut donner à un avocat des instructions en conséquence.»

3. Rôle de la Commission dans les autres litiges relatifs aux tarifs marchandises

Pour conclure, il y a lieu de distinguer, dans les cas qui sont prévus à la Loi nationale sur les transports et à

la Loi sur les chemins de fer en matière de tarifs marchandises, ceux dans lesquels la Commission a juridiction et ceux où elle ne l'a pas. Pour être parfois difficile à établir, la démarcation n'en est pas moins nette.

Ceci étant, la Commission entrevoit la possibilité de participer au règlement des différends tarifaires qui ne devraient pas faire l'objet d'un litige au titre de l'un quelconque des articles de la Loi. Il n'est pas rare de voir surgir entre les chemins de fer et les usagers des difficultés tenant à une erreur d'interprétation ou à un manque d'information, et très souvent, si l'on arrive à une bonne explication sans forme de procès, le plaignant, à défaut d'obtenir toute satisfaction, peut du moins mieux comprendre la situation et négocier plus utilement avec le chemin de fer.

Les services de la Commission s'emploient déjà à rechercher de pareils rapprochements chaque fois qu'il y a lieu, et il se peut qu'il soit possible—en consultation avec les sociétés ferroviaires, et avec les gouvernements provinciaux qui ont presque tous des offices ou des services consultatifs en matière de tarifs marchandises, de créer un mécanisme efficace permettant d'éclaircir les malentendus, et peut-être même d'assurer une médiation lorsque toutes les parties admettent la possibilité d'une intervention utile de la Commission.

Commission canadienne des transports

Le président

E. J. BENSON

Ottawa, le 19 juillet 1973

L'EXPLOITATION DES RESSOURCES MINÉRALES

Ce document a été préparé par le gouvernement du Canada, en prévision de la Conférence sur les perspectives économiques de l'Ouest, qui aura lieu du 24 au 26 juillet 1973, à Calgary. Il s'agit d'une analyse servant de base aux discussions avec les provinces de l'Ouest et aux propositions que le gouvernement fédéral présentera à cette occasion.

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PRÉAMBULE

Ce document se donne comme objectif de réunir les renseignements de base requis pour discuter des problèmes et perspectives de la mise en valeur des ressources énergétiques et minérales de l'Ouest canadien.

Les volumes publiés récemment par le gouvernement fédéral sous le titre de «*Politique canadienne de l'énergie*» (Phase I—Analyse) constituent une discussion des ressources énergétiques du Canada et des questions liées à leur mise en valeur. Les consultations avec les provinces en vue de l'élaboration de la politique énergétique ont déjà été amorcées et elles se poursuivront activement. C'est pourquoi ce document n'insiste pas sur les questions qui sont étroitement liées à la politique énergétique. Il serait toutefois impossible de discuter des perspectives de développement de l'Ouest canadien sans tenir compte des ressources énergétiques de cette région et des possibilités qu'ouvrent leur existence et leur étendue. Une partie de ce document traite brièvement de l'importance des ressources énergétiques de l'Ouest.

La gestion des ressources minérales du Canada commence par l'établissement d'objectifs et le rassemblement

des renseignements requis pour formuler les stratégies de développement appropriées. Les gouvernements fédéral et provinciaux ont récemment publié un document intitulé «Objectifs d'une politique minière canadienne» qui représente le consensus auquel en sont arrivés le gouvernement fédéral et les provinces quant aux buts généraux d'une politique minière. Ces objectifs sont liés au contexte de l'Ouest canadien pour les fins de la discussion. Cette partie est suivie d'un examen de quatre orientations de la politique minière qui pourraient être adoptées pour refléter les objectifs souhaités de développement.

Plusieurs aspects du rôle du transport des minéraux sont traités dans le présent document.

Dans la dernière partie, on envisage les perspectives de mise en valeur des ressources et la façon dont elles pourraient influencer sur la croissance et la répartition de la population dans les quatre provinces de l'Ouest.

La mise en valeur des ressources a façonné tant les institutions du Canada que les façons de penser de ses citoyens. Cependant, à cause des différences dans la gamme des ressources disponibles et dans la chronologie et la technologie de leur mise en valeur, les institutions

et les façons de penser varient d'une région à l'autre. La mise en valeur des ressources a dominé l'histoire de l'Ouest canadien et elle continuera d'avoir une forte influence sur les caractères économiques, sociaux et politiques de l'Ouest, ainsi que sur ses rapports avec le reste du Canada.

Dans l'Ouest, la traite des fourrures a été suivie par l'exploitation des mines d'or, la coupe du bois de construction, la culture du blé, l'industrie des pâtes et papiers, l'extraction des métaux communs, l'industrie des combustibles minéraux et les aménagements hydroélectriques. En dépit de certains chevauchements, la mise en valeur de ces matières premières s'est répartie en étapes distinctes dans l'histoire économique de l'Ouest, mais on remarque plusieurs caractéristiques communes à tous ces secteurs:

- Les ressources ont été mises en valeur pour répondre à des demandes croissantes provenant de l'extérieur de la région;
- les ressources ont été expédiées au moyen de longues routes de transport (cours d'eau pour le transport par canot, voies ferrées et pipe-lines);
- au début, la mise en valeur a nécessité d'importants apports en capitaux, en infrastructure sociale et en technologie et ces apports sont venus de l'extérieur de la région;
- les ressources ont souvent été expédiées vers les marchés sans avoir été transformées;
- le contrôle de la mise en valeur des ressources est souvent demeuré à l'extérieur de l'Ouest (et dans de nombreux cas à l'extérieur du Canada);
- les structures économiques locales sont devenues très spécialisées et donc vulnérables;
- le peuplement et les variations de la population qu'entraîne la mise en valeur des ressources ont subi l'influence de l'évolution des marchés et de la technologie, ce qui a produit des périodes d'instabilité.

Le commerce des ressources est encore important aujourd'hui, mais la demande des marchés provient surtout des États-Unis et, de plus en plus, du Japon et des pays du Pacifique. Les institutions fondées sur l'ancienne structure demeurent, mais le désir de favoriser une nouvelle croissance industrielle dans l'Ouest a entraîné des changements régionaux. La réduction des tensions qui résultent de ces changements est une priorité nationale essentielle.

La tenue de la Conférence sur les perspectives économiques de l'Ouest résulte d'une réalisation très nette de la nécessité de mieux percevoir les rapports politiques, économiques et institutionnels de l'Ouest canadien avec le reste du pays. C'est pourquoi, le gouvernement du Canada compte parmi ses objectifs pour la Conférence: l'établissement d'une équité plus grande et d'un rythme de croissance plus stable; la diversification des structures industrielles et la création d'une gamme d'emploi plus étendue, particulièrement dans les industries de transformation, et la mise sur pied d'institutions économiques, sociales et politiques qui correspondent mieux aux caractéristiques, défis et possibilités des régions.

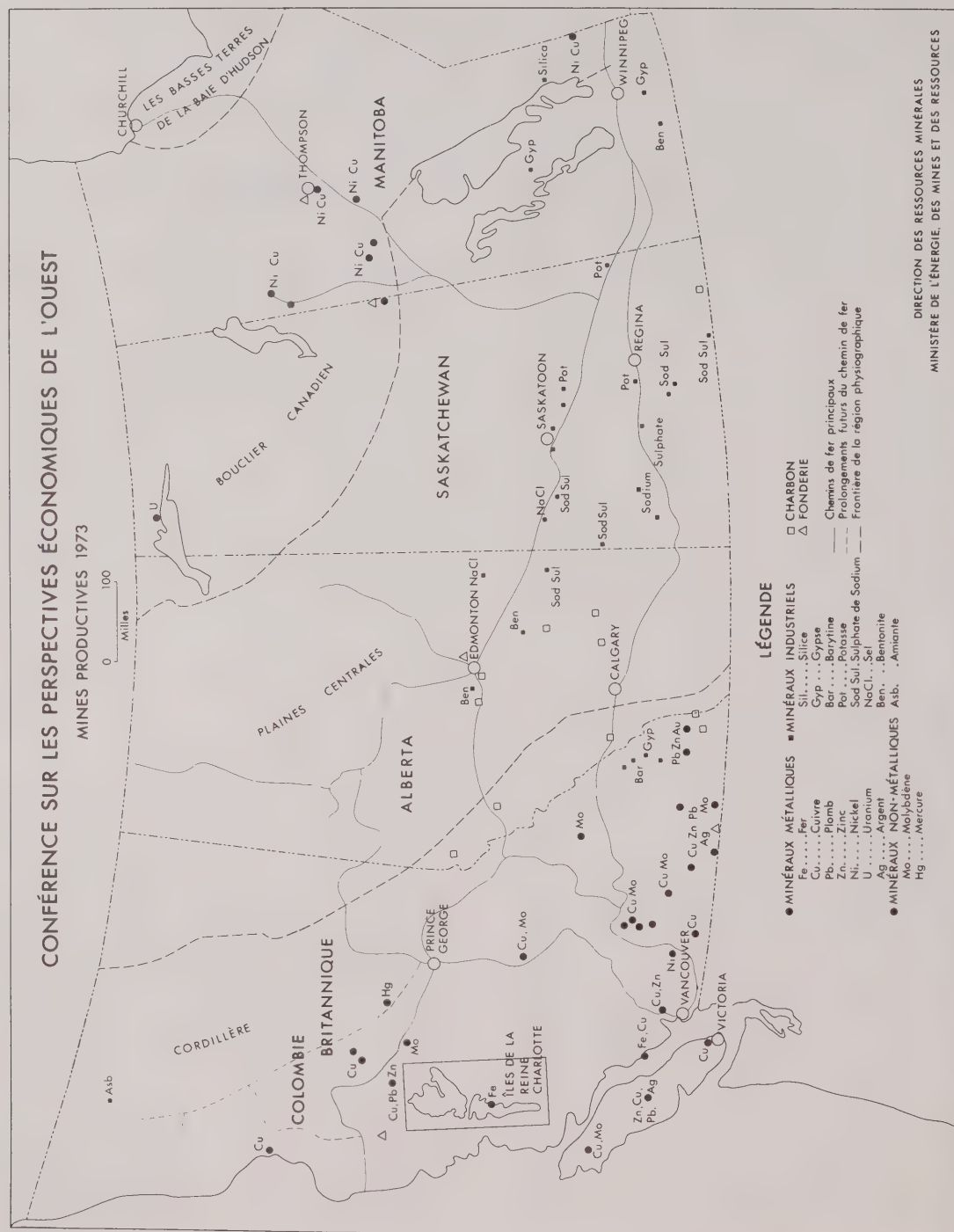
La mise en valeur des ressources peut jouer un rôle important dans la poursuite de ces buts. La croissance des secteurs secondaire et tertiaire dépend fortement de l'existence et de l'utilisation efficace des ressources agricoles, forestières, minières et énergétiques de l'Ouest. Le présent document porte sur les possibilités qu'offre le secteur minier et leurs rapports avec les objectifs de la Conférence.

1. PERSPECTIVES DES RESSOURCES RÉGIONALES

L'Ouest canadien est une région hétérogène dont la composition physique, économique, sociale et politique comporte des variations considérables. Les conditions qui influent sur la mise en valeur des ressources minières sont complexes. Elles comprennent la répartition géographique inégale des ressources, l'étendue et la structure du réseau de transport, la diversité des produits, les variations des conditions du marché, les progrès des techniques d'extraction et les orientations divergentes des quatre provinces de l'Ouest en ce qui concerne les ressources.

La répartition des ressources a été un facteur déterminant dans l'évolution économique des provinces de l'Ouest. L'Ouest canadien se compose de parties de quatre grandes régions physiographiques: la Cordillère, les Plaines intérieures, le Bouclier canadien et les Basses terres de la baie d'Hudson. Chacune de ces régions est dotée de ressources qui lui sont propres. La Cordillère fournit à la Colombie-Britannique et à l'ouest de l'Alberta du charbon en abondance et, en Colombie-Britannique, elle contient une gamme variée de minéraux métalliques et d'amiante. La région des Plaines, que se partagent les quatre provinces de l'Ouest, est reconnue pour ses ressources en pétrole, en gaz naturel, en charbon, en potasse et en d'autres minéraux industriels. Cependant, même dans les Plaines, les combustibles minéraux sont fortement concentrés en Alberta et dans le nord-est de la Colombie-Britannique, à l'encontre de la Saskatchewan et du Manitoba où l'on en trouve moins, et la plus grande partie de la potasse est extraite en Saskatchewan. Le Bouclier canadien domine le nord du Manitoba et de la Saskatchewan et on en extrait des minéraux métalliques, particulièrement du nickel, du cuivre, du zinc et certaines quantités de plomb, d'or et d'argent. Mais là encore, la répartition est inégale, les ressources en métaux communs du Manitoba étant plus considérables. Par contre, l'uranium, dans l'Ouest du Canada, se trouve dans le nord de la Saskatchewan. La partie des Basses terres de la baie d'Hudson qui se trouve au Manitoba ne produit présentement pas de minéraux, bien qu'on ait fait certains travaux d'exploration pétrolière et gazière au large des côtes de la baie d'Hudson.

On ne peut donc considérer l'Ouest canadien comme une seule région pour ce qui est de la composition et de la répartition de ses ressources. En effet, la répartition inégale des ressources a eu des répercussions profondes sur la chronologie et le rythme du développement. La croissance a été rapide dans certaines régions, comme le centre de la Colombie-Britannique et l'Alberta, et elle a été plus



lente ailleurs. La gamme étendue des possibilités et des problèmes nécessite des méthodes souples dans la gestion des ressources, y compris l'exploration, la recherche et le développement, la stimulation des marchés, la rationalisation technologique, la production, la transformation et la conservation.

2. L'ÉNERGIE DANS L'ÉCONOMIE DE L'OUEST CANADIEN

L'Ouest canadien possède une large part des ressources énergétiques connues et potentielles du Canada. Bien qu'il subsiste encore beaucoup d'incertitudes quant à l'abondance des ressources potentielles, nous les connaissons assez bien pour savoir que leur importance est telle que les conditions de leur mise en valeur, de leur production et de leur utilisation continueront d'être des facteurs déterminants de l'orientation et de la force économique future de l'Ouest canadien. La façon dont ces ressources seront mises en valeur et utilisées aura également des répercussions profondes sur les autres régions du Canada. Il existe donc un intérêt régional et national très immédiat pour toutes les politiques qui touchent les ressources énergétiques de l'Ouest canadien, afin qu'elles soient utilisées de façon à contribuer le plus possible à atteindre les objectifs des provinces où elles se trouvent, ainsi que les objectifs globaux de l'ensemble du pays. Ces politiques doivent reconnaître les droits des provinces à l'égard de la mise en valeur de leurs propres ressources, ainsi que les besoins d'approvisionnements énergétiques suffisants et sûrs dans l'ensemble du pays.

Les provinces de l'Ouest possèdent presque toutes les réserves prouvées de pétrole et de gaz et la totalité des formations d'huile lourde et de sables bitumineux. Bien que leur part des ressources potentielles de pétrole et de gaz de sources courantes ne soit pas grande, l'importance des sables bitumineux par rapport à l'ensemble des ressources accorde à l'Ouest canadien environ quatre cinquièmes de tout le potentiel en ressources pétrolières récupérables du Canada, comme on le définit actuellement. Les provinces de l'Ouest possèdent également environ 15 p. cent du potentiel récupérable total en ressources gazières et 98 p. cent des réserves charbonnières du pays. Bien que le rapport entre les ressources d'uranium raisonnablement assurées des provinces de l'Ouest et celles du Canada soit faible, ces provinces comprennent une grande partie des régions canadiennes où il est possible de trouver des gîtes d'uranium. Les provinces de l'Ouest disposent du quart de la puissance des centrales hydroélectriques du Canada et d'environ 45 p. cent du potentiel hydroélectrique non développé.

Le Canada est fortuné de disposer de ressources énergétiques aussi considérables et aussi variées. En effet, ces ressources sont plus que suffisantes pour répondre à ses besoins prévisibles. Cependant, il faut planifier soigneusement afin de s'assurer que les masses considérables de capitaux qui seront requises pour leur mise en valeur seront disponibles, vu la demande de capitaux dans les autres secteurs de l'économie. Il faut également prendre soin de voir à ce que les avantages à retirer de la mise en valeur

et de l'utilisation de ces ressources correspondent bien à leur valeur pour les générations présentes et futures. Étant donné le rôle important que joue l'Ouest dans le domaine des ressources énergétiques du pays, les aspects coût et bénéfice de l'offre et de la demande d'énergie revêtent une grande importance pour cette région.

Parmi les avantages à retirer, ceux qui ont trait à l'emploi priment naturellement pour le développement régional. Les entreprises énergétiques fournissent des emplois liés directement à l'exploitation, la production, le transport, le traitement et la commercialisation. Ces entreprises appuient également un grand nombre d'entreprises des secteurs secondaire et tertiaire. Les travailleurs employés directement ou indirectement créent également d'autres emplois en dépensant leurs salaires et traitements. Les emplois liés à l'industrie de l'énergie profitent souvent à des régions du Canada où il n'y a pas d'autres possibilités importantes de développement. En ce qui concerne les grandes entreprises qui créent le plus grand nombre d'emplois, il faut veiller à assurer la participation maximale des travailleurs disponibles dans la région.

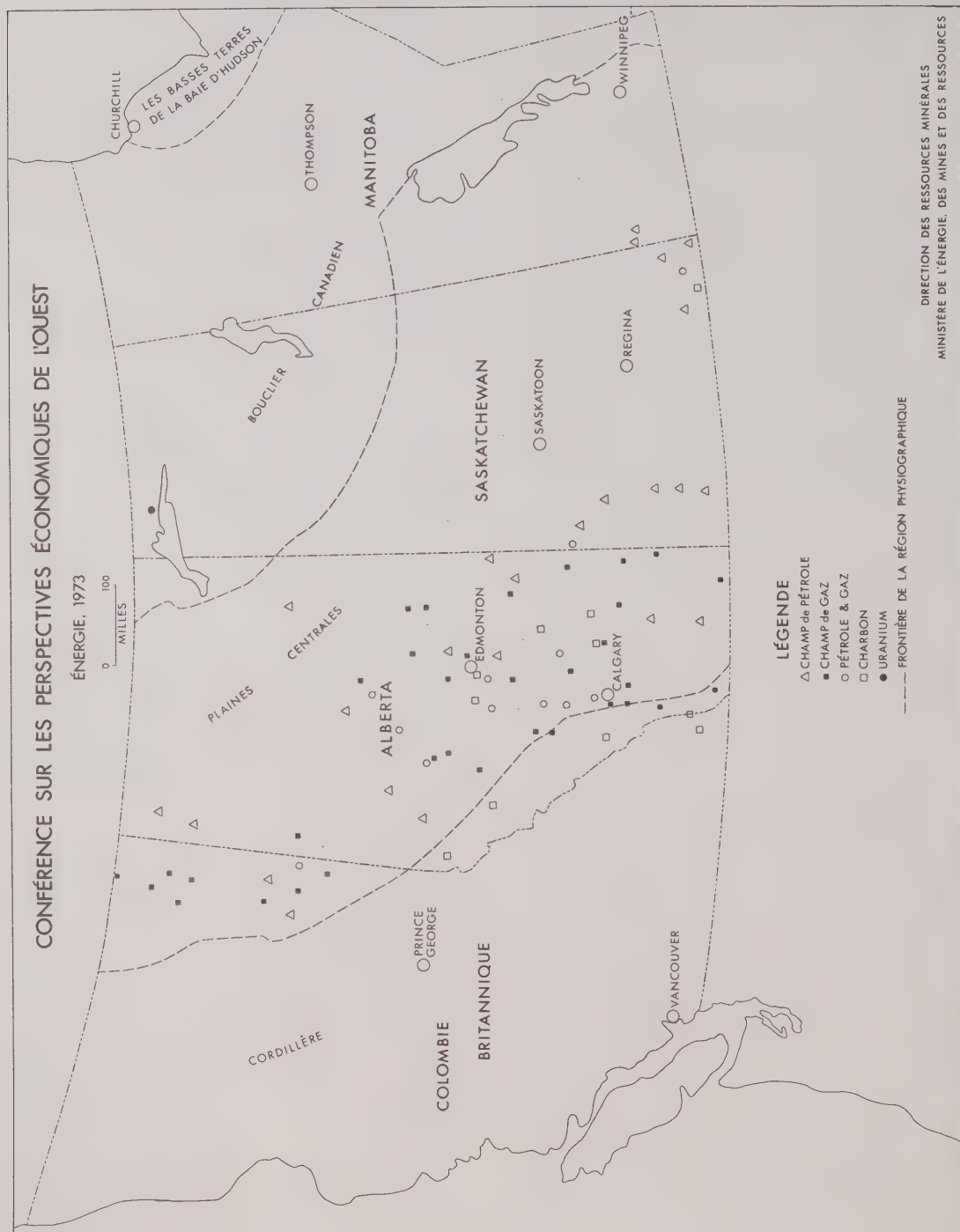
On peut signaler qu'environ la moitié des emplois en Alberta dépend de l'industrie pétrolière directement, indirectement ou par induction. Le multiplicateur d'emploi (rapport entre l'emploi total et l'emploi direct créé par une industrie) des activités de mise en valeur et d'extraction du pétrole et du gaz a été établi à 4.6 comme le mentionne le document intitulé *«Politique canadienne de l'énergie—Phase I»*. Il s'agit là d'un des multiplicateurs le plus élevés des secteurs des ressources et des services, bien que certains multiplicateurs du secteur de la fabrication soient plus élevés, notamment celui du raffinage de pétrole, qui atteint 7.8.

Le multiplicateur d'emploi de l'industrie charbonnière n'a été jusqu'ici que de 1.3. Ce chiffre reflète l'état de dépression à long terme de l'industrie charbonnière des Maritimes, mais une étude récente de l'industrie du charbon métallurgique de l'Ouest canadien a révélé un multiplicateur d'emploi de 4.9 durant l'exploitation. L'industrie des services d'électricité a connu un multiplicateur d'emploi de 3.7 et l'industrie des oléoducs et gazoducs un multiplicateur de 4.2.

Pour ce qui est de la création d'emplois, l'important n'est pas seulement le nombre de personnes employées directement et indirectement, mais aussi la rentabilité de l'industrie. La main-d'œuvre d'une industrie donnée ne s'accroîtra que si l'industrie est rentable et qu'elle dispose de marchés en expansion.

Les entreprises énergétiques de l'Ouest canadien ont créé des emplois parce qu'elles appartenaient à une industrie de forte croissance. L'industrie du pétrole et du gaz a accompli des réalisations remarquables dans ce domaine. La valeur de la production pétrolière et gazière de l'Ouest canadien est passée de \$91 millions en 1950 à \$1,870 millions en 1972, c'est-à-dire vingt fois plus. Pendant la même période, l'industrie a dépensé plus de \$20 milliards pour l'exploration, le développement, la production et les activités reliées.

Dans une optique nationale, on peut voir dans les analyses de la balance des paiements un des importants



avantages de l'expansion de l'industrie énergétique. De 1961 à 1972, la balance commerciale du Canada pour ce qui est du pétrole et du gaz est passée d'un déficit de \$187 millions à un surplus de \$675 millions, grâce à l'expansion de l'industrie pétrolière et gazière de l'Ouest canadien. L'expansion de l'industrie charbonnière de l'Ouest et l'accroissement des exportations qui en a résulté durant la période de 1961 à 1972, soit de \$10.8 millions à \$116.4 millions, ont contribué à maintenir le déficit du commerce du charbon à des niveaux raisonnables, en dépit du fait que la valeur des importations de charbon américain destinées à l'Ontario ait doublé durant cette période. Le bilan global du commerce de l'énergie est passé d'un déficit de \$295 millions en 1961 à un surplus de \$560 millions en 1972 et ce renversement de situation est presque entièrement dû à la croissance de la production énergétique de l'Ouest canadien.

Maintenant que l'on est en voie de passer de l'exploitation des ressources classiques d'hydrocarbures de l'Ouest à la mise en valeur des sables bitumineux de l'Athabasca et des ressources de pétrole et de gaz des régions du grand nord, un nouveau rôle s'offre à l'industrie des hydrocarbures de l'Ouest et à ses autres ressources énergétiques. Il est à prévoir que ce rôle comportera une insistance accrue sur le traitement plus poussé des ressources énergétiques et sur le développement d'une industrie manufacturière fondée sur les approvisionnements énergétiques facilement disponibles.

L'entreprise déjà en exploitation dans les sables bitumineux de l'Athabasca illustre bien cette promesse. Cette entreprise avait déjà nécessité à la fin de 1972 des dépenses en biens et services de \$475 millions au Canada. Elle a permis la création de 1,500 emplois et un traitement annuel global de \$21 millions et elle a permis aux trois ordres de gouvernement de percevoir des revenus directs et indirects de l'ordre de \$143 millions. Étant donné que l'exploitation des sables bitumineux devrait atteindre de 10 à 20 fois le niveau de cette première entreprise d'ici 1990, les répercussions sur l'emploi et les investissements ont d'une très haute importance pour le développement économique futur de la région.

La planification en vue d'une transformation plus poussée des matières premières et de l'établissement d'une industrie manufacturière fondée sur l'énergie doit tenir compte de toutes les ressources énergétiques: le pétrole, le gaz, le bitume des sables, le charbon, l'eau et l'énergie nucléaire. Il faut étudier de façon approfondie les possibilités de traitement conjoint et évaluer continuellement les progrès de la technologie. Par exemple, le traitement combiné du gaz naturel avec le charbon ou le bitume des sables offre de bonnes possibilités. Une autre option est l'utilisation de la chaleur produite par les centrales nucléaires pour le traitement des combustibles fossiles.

Le charbon et le bitume des sables ont une forte teneur en carbone et une teneur en hydrogène relativement faible; leur transformation en produits liquides se fait donc par hydrogénation. Le gaz naturel est la source d'hydrogène la plus économique et il est donc avantageux d'affecter la partie importante de nos ressources en gaz naturel à ce type de traitement. Alors que la plupart des usages

énergétiques actuels du gaz naturel peuvent être remplacés par l'électricité grâce à la technologie d'aujourd'hui, les combustibles liquides seront probablement encore nécessaires pendant de nombreuses années pour le transport aérien et terrestre.

Les produits pétrochimiques sont nombreux et variés et, même s'il est techniquement possible d'utiliser presque n'importe quel hydrocarbure pour fabriquer chacun de ces produits, des facteurs économiques favoriseront certains stocks d'alimentation. Le gaz naturel peut fournir l'hydrogène requis pour les dérivés de l'ammoniac. Les liquides extraits du gaz naturel sont les plus appropriés à la production de l'éthylène. Les fractions légères du pétrole brut servent à la production des composés aromatiques. Le traitement du charbon donne des sous-produits chimiques qu'on ne peut tirer des hydrocarbures. Il faudrait donc favoriser une méthode intégrée dans l'établissement d'une industrie pétrochimique compétitive.

La demande établie de gaz naturel est maintenant si importante en Amérique du Nord que même si l'on freinait la croissance de la consommation il faudrait produire du gaz naturel synthétique. Ce gaz pourrait être produit à partir du charbon ou du bitume des sables bitumineux et sa fabrication pourrait bien être intégrée à une usine de liquéfaction du charbon.

Lors de l'établissement de nouveaux centres de traitement, il est avantageux de concentrer un certain nombre d'entreprises connexes dans des régions soigneusement choisies. Ceci favorise l'échange mutuel de produits conjoints et l'utilisation de services communs comme les services d'entretien et de gestion des usines en plus de faciliter la mise sur pied d'une infrastructure sociale pour répondre aux besoins de logement, d'éducation, de soins médicaux et de transport.

Étant donné qu'un certain nombre de ces industries de transformation et de fabrication sont relativement nouvelles, il faut effectuer encore beaucoup de recherches avant de pouvoir en déterminer la possibilité de réalisation de façon précise. Ces recherches doivent être coordonnées, financées et planifiées sur une base à long terme.

Les considérations de politique ayant trait aux ressources énergétiques des provinces de l'Ouest indiquent qu'il y a de nombreuses possibilités de coopération fédérale-provinciale dans toutes les étapes de la mise en valeur des ressources énergétiques et dans l'utilisation de l'énergie pour la croissance et la diversification de l'économie industrielle de l'Ouest canadien.

3. OBJECTIFS DE LA MISE EN VALEUR DES RESSOURCES MINÉRALES DE L'OUEST

Les buts de la mise en valeur des minéraux dans l'Ouest canadien devraient s'insérer dans le contexte de la stratégie et des objectifs nationaux relatifs aux minéraux. Suite à de nombreuses discussions au sein du gouvernement fédéral et entre Ottawa et les gouvernements provinciaux, un document intitulé «*Objectifs d'une politique minérale canadienne*» a été publié récemment. Ces consultations ont constitué la première étape de la formulation d'une politi-

que minérale nationale dont le but est de «faire en sorte que l'utilisation présente et future des minéraux soit au plus grand bénéfice du Canada». Le gouvernement fédéral et les gouvernements des provinces ont adopté douze objectifs pour arriver à ce but.

Les objectifs proposés sont liés à un certain nombre d'étapes du processus de mise en valeur des minéraux.

Tout d'abord, on a déterminé le besoin d'améliorer le processus d'acquisition et d'utilisation de l'information pour de meilleures prises de décision au niveau national. Au niveau le plus fondamental, ceci équivaut à une reconnaissance du fait qu'une compréhension approfondie de notre inventaire des ressources minérales. En d'autres mots, les Canadiens doivent mieux connaître les ressources susceptibles de leur être disponibles, ainsi que leur prix. En ce qui concerne les ressources minérales, un inventaire adéquat doit débiter par des études géoscientifiques et des travaux d'exploration et nous pouvons prévoir que les efforts déjà considérables consacrés par les gouvernements et l'industrie seront intensifiés dans les provinces de l'Ouest. Améliorer la base d'information de la physique du Canada présuppose également l'accroissement de notre capacité de développement de la technologie de récupération des ressources de façon économique et acceptable pour l'environnement. Les techniques d'exploitation des sables bitumineux constituent un exemple et il en est de même de la nécessité de trouver de nouveaux usages pour le soufre. Pour la commercialisation de nos ressources, nous devons pouvoir évaluer les marchés possibles pour différents produits et équilibrer le rythme de la mise en valeur avec le taux probable de consommation.

Deux objectifs étroitement liés ont également été adoptés: assurer la conservation et une meilleure utilisation des minéraux, ainsi qu'un approvisionnement en minéraux suffisant pour les besoins du pays. La production en trop de minéraux alors que la demande courante est faible, comme dans le cas du molybdène, du soufre et de la potasse, dénote un besoin de direction plus rationnelle du rythme de mise en valeur. A moins qu'on ne puisse pas contrôler la production d'un sous-produit minéral (par exemple, le soufre dans la production du gaz naturel ou le molybdène trouvé avec le cuivre), les intérêts de l'industrie et de la région sont mieux servis par la conservation, jusqu'à ce que la conjoncture justifie une mise en valeur plus poussée. Cependant, le Canada a cette chance de pouvoir compter jusqu'ici sur des approvisionnements suffisants pour tous les principaux minéraux extraits dans l'Ouest, si l'on considère la situation globale. Néanmoins, certaines régions et communautés dont l'économie dépend de l'exploitation minière sont menacées d'un déclin éventuel à moins que la durée des mines ne puisse être prolongée par l'augmentation des réserves ou la conservation des réserves existantes. De telles conditions existent déjà ou sont imminentes dans certaines parties du nord-ouest du Manitoba, du nord de la Saskatchewan et du sud-est de la Colombie-Britannique. Le besoin d'atteindre les objectifs des gouvernements provinciaux tout en respectant les objectifs nationaux généraux constituera un défi difficile à relever. Il faudra beaucoup plus de recherches et de consultations avant que

nous puissions définir de façon plus précise les objectifs de la mise en valeur des minéraux et les stratégies voulues pour les atteindre.

Les autres objectifs tendent tous à supposer la viabilité du secteur minéral. Il faudrait coordonner un certain nombre de stratégies pour hausser la production, diversifier la structure de l'industrie et augmenter les débouchés pour un certain nombre de minéraux de l'Ouest, notamment le cuivre, le plomb et le zinc qui seront probablement les produits les plus rentables. L'exploration pour ces minéraux devrait être appuyée. La mise en valeur de nouveaux gisements de potasse devrait être reportée jusqu'à ce que les marchés soient plus fermes et que les mines existantes aient atteint leur pleine capacité de production. Il faudrait travailler très activement à la recherche de nouveaux usages et de nouveaux débouchés pour le soufre de l'Alberta. La mise en valeur d'autres gisements de charbon devrait être envisagée avec prudence, en tenant compte des incertitudes économiques et des dangers pour l'environnement.

La mise en valeur des minéraux ne peut pas se séparer des activités et besoins de l'ensemble de la société. On a donc identifiée, comme d'autres objectifs, la nécessité de concilier le développement minier et les préoccupations sociales, de minimiser les effets défavorables du développement minier sur l'environnement et d'harmoniser le développement des différentes ressources.

Les besoins sociaux de l'Ouest sont particulièrement aigus dans les régions septentrionales où les avantages potentiels de la mise en valeur des ressources ne sont pas partagés équitablement entre les peuples indiens et le reste de la population. Les revenus, les possibilités d'emploi et les services offerts aux peuples indiens sont limités. Dans cette région, les villes dont l'économie est fondée sur l'exploitation des ressources sont généralement prospères et disposent d'excellents services, mais elles sont fréquemment peu accueillantes pour les Indiens. D'une façon plus précise, les nouvelles villes minières apportent avec elles une infrastructure sociale moderne sous forme d'écoles, d'hôpitaux et de services sociaux, et leur tâche consiste maintenant à s'assurer que cette infrastructure réponde aussi pleinement aux besoins des indiens.

Les exploitations de charbon à ciel ouvert, la récupération des sables bitumineux, la fonte et l'affinage sont des exemples de secteurs où le développement peut entrer en conflit avec la préservation du milieu naturel. Ici, comme dans d'autres secteurs, il y a place pour des initiatives fédérales et provinciales orientées vers l'atteinte d'un équilibre raisonnable entre les besoins de l'économie et de l'environnement, y compris le perfectionnement de la technologie pour minimiser les dommages.

La mise en valeur des ressources minérales doit être compatible avec les autres utilisations économiques et esthétiques du territoire. Les gouvernements doivent jouer un rôle de planificateur pour que les avantages maximaux soient retirés de l'infrastructure nouvelle, comme les transports et les services communautaires. Ceci signifie qu'il y aura probablement moins de villes qui dépendront d'une seule entreprise et plus de collectivités qui serviront

de centres à plusieurs entreprises, comme l'exploitation minière, l'exploitation forestière, la pêche, le tourisme et les communications. Il existe des possibilités de développer des collectivités à entreprises multiples dans les régions pionnières du nord-ouest de la Colombie-Britannique et du nord de la Saskatchewan.

Plusieurs objectifs connexes ont pour but d'accroître ou de mieux équilibrer les avantages économiques retirés de l'exploitation minière. Cet objectif devrait également permettre aux Canadiens de conserver la capacité de contrôler les décisions, de créer des emplois d'une qualité supérieure et d'investir les richesses produites par la mise en valeur des ressources. Dans un monde de grandes sociétés multinationales (dont quelques-unes ont leur siège principal au Canada), des marchés difficiles et éloignés et de forte concurrence entre les pays producteurs, les stratégies mises en œuvre pour atteindre cet objectif ne doivent pas freiner la prospérité du pays.

Cependant une politique minérale permet de disposer de moyens qui, utilisés avec discernement et réalisme peuvent accroître l'étendue de notre contrôle sur l'économie.

De même, augmenter pour les Canadiens, les avantages à tirer des surplus exportables de minéraux et créer des possibilités de transformation plus poussée sont d'autres moyens de s'assurer les bénéfices engendrés par l'exploitation minière. Le Canada exporte la majeure partie de sa production minière et une partie croissante de ses exportations se fait sous forme de matière brute ou concentrée. Même si, en termes absolus, la capacité de fonte et d'affinage a augmenté au Canada depuis vingt ans, elle ne s'est pas accrue suffisamment pour tenir tête à la hausse de production de matières premières. Les exportations de métaux ouvrés sont relativement peu importantes. Il y aura sans doute des possibilités d'expansion pour les secteurs de la fonte, de l'affinage et d'autres industries secondaires, surtout en Colombie-Britannique où les récentes augmentations de la production du cuivre entraînent des exportations principalement sous forme de concentrés. La production accrue au Yukon et dans les Territoires du Nord-Ouest exigera la construction de nouvelles installations de traitement, ou l'expansion des installations existantes.

Le nombre des installations de transformation dans les trois provinces des Prairies est limité. Les usines de fonte et d'affinage du nickel à Thompson au Manitoba et à Fort Saskatchewan en Alberta semblent en mesure de traiter le nickel produit dans l'Ouest canadien mais il est probable que l'usine d'affinage de Fort Saskatchewan traitera une proportion croissante des concentrés de nickel provenant des producteurs d'outre-mer. En Alberta, les recherches sur de nouveaux usages du soufre pourraient créer de nouveaux emplois et faire baisser les stocks de réserves excédentaires de ce produit. La potasse extraite en Saskatchewan n'exige pas de traitement poussé avant d'être expédiée ou vendue. Les possibilités modestes de traitement plus poussé dans les provinces des Prairies pourraient être compensées par un développement industriel qui profiterait des ressources abondantes en énergie que représentent le charbon, le gaz, le pétrole et l'hydro-électricité. La seule présence d'énergie et de matière brute ne

garantit pas le développement. Les frais de transport, l'accès aux marchés, la concurrence avec les autres régions et la disponibilité de capitaux sont d'autres facteurs importants. La facilité de transport de l'énergie favorise la dispersion géographique du développement industriel dans les Prairies, mais les gouvernements devront quand même faire un effort concerté pour assurer une répartition équitable dans toute la région.

Pour contribuer à un équilibre mondial de la mise en valeur et de la commercialisation, le Canada doit surveiller la conjoncture mondiale et régler l'activité canadienne en conséquence. Dans certains cas, il faudrait peut-être provoquer un ralentissement délibéré, afin d'éviter des problèmes de surapprovisionnement qui entraînent le chômage et une baisse de la production. Mais cet objectif entraîne également la recherche active des occasions dont nous pourrions profiter.

Finalement, les ministres des Mines ont convenu d'accroître la contribution des minéraux du développement à l'échelle nationale et régionale. La répartition inégale des ressources minérales dans l'Ouest canadien signifie que les effets directs et indirects sur l'emploi tendront à favoriser l'Alberta et la Colombie-Britannique. Les conséquences directes de l'industrie minière, c'est-à-dire les accroissements du nombre d'emplois dans le secteur primaire, ainsi que les hausses de production et de revenu se manifesteront surtout en Colombie-Britannique, principalement dans le nord-ouest. Il y aurait possiblement stabilité ou expansion modeste au Manitoba. L'ouverture de nouvelles mines d'uranium pourrait compenser le fléchissement enregistré dans le nord de la Saskatchewan, mais les effets directs en seront modestes. La production de potasse dans le sud de la Saskatchewan devrait s'accroître graduellement en fonction des marchés, mais comme cet accroissement utilisera un surplus de capacité, les effets directs sur le nombre d'emplois seront minimes. Les effets indirects sont importants mais difficiles à prévoir et il faudrait s'efforcer de resserrer les rapports d'intégration au sein du secteur minier et les liens entre les régions. La Colombie-Britannique bénéficiera probablement du plus grand essor minier. L'Alberta pourra tirer profit de l'exploitation des sables bitumineux de l'Athabasca et de toute autre exploitation énergétique éventuelle dans le nord. La Saskatchewan devrait partager les bénéfices qu'en tirera l'industrie secondaire.

D'autres études et analyses doivent être faites avant que les objectifs, que les gouvernements fédéral et provinciaux ont convenu d'adopter, puissent se traduire en mesures concrètes découlant de politiques cohérentes. On pourrait parler dans un sens très large de différents choix ou options fondés sur des hypothèses très différentes quant aux principaux besoins du pays dans l'ensemble, en ce qui concerne le développement basé sur les ressources minérales. Il est probable qu'aucune de ces orientations très générales ne sera adoptée intégralement, mais il serait peut-être utile d'en étudier quelques-unes brièvement, afin de se concentrer sur les effets des diverses lignes de conduite.

Une des options possibles serait une décision délibérée en vue d'encourager le développement le plus rapide pos-

sible de ces ressources. Une telle politique aurait sûrement un résultat favorable, du moins à court terme, en ce qui a trait au nombre d'emplois. Le secteur minéral s'automatise progressivement et l'augmentation de l'emploi direct serait modeste à long terme, même si à court terme le nombre d'emplois augmentait sensiblement durant les travaux de construction des installations nécessaires à l'extraction, au transport et au traitement d'une production minérale accrue. Les résultats indirects à long terme seraient meilleurs si les secteurs secondaire et tertiaire au pays pouvaient répondre à cet accroissement de production. Il faudrait plus de capitaux et dans la mesure où il faudrait obtenir ces capitaux de l'étranger, on enregistrerait des effets défavorables sur la balance des paiements et des pressions sur notre dollar. La technique et l'équipement actuels ne pourraient sans doute pas contrer les effets néfastes sur l'environnement.

Une autre possibilité serait que les gouvernements adoptent une politique de conservation des ressources minérales pour satisfaire exclusivement aux besoins canadiens à long terme. Cette politique reposerait sur l'hypothèse que nos réserves sont insuffisantes pour permettre des exportations, ou que les avantages économiques seraient plus grands si l'exploitation était retardée. Il reste beaucoup à faire pour bien connaître l'inventaire des ressources globales du Canada. L'analyse économique aussi pourrait être plus globale et intégrée qu'elle ne l'est aujourd'hui. De toute façon, elle dépendrait encore de notre connaissance des ressources de la terre, qui est essentielle à l'établissement de politiques en matière de ressources.

Nos connaissances actuelles nous indiquent cependant que ni l'une ni l'autre des deux hypothèses n'est valable entièrement. Ce n'est que dans quelques cas que le Canada n'aura peut-être pas assez de réserves pour subvenir à ses besoins, ou même pour les dépasser grandement. Il faut cependant affirmer deux choses en ce qui concerne les avantages économiques à long terme. La première est que l'on continue à trouver dans d'autres pays les principaux minéraux qui caractérisent le Canada, et que le coût d'exploitation de ces sources est parfois moins élevé qu'il ne l'est au Canada. La deuxième est que dans un pays où le chômage a été relativement élevé, il est difficile de convaincre les gens qu'il faudrait ne pas profiter des possibilités d'exploitation pour favoriser un avenir qu'on ne perçoit que très faiblement. Il ne s'agit pas d'une politique d'exploitation sans restriction; cela signifie simplement que lorsque les réserves dépassent les besoins canadiens prévisibles, il y a peu de justification à appliquer une politique qui limiterait sans raison les exportations. Il pourrait en résulter des problèmes de balance des paiements et des effets négatifs dans tous les secteurs de l'économie qui dépendent dans une certaine mesure de l'activité minérale. D'autre part, dans le cas des quelques produits que le Canada n'aura peut-être qu'en petites quantités, tout gouvernement qui en encouragerait ou en permettrait l'exploitation au profit de marchés étrangers, et par l'effet même provoquerait des pénuries dans son propre pays, risquerait de faire l'objet d'une censure justifiée, pour raison d'irresponsabilité. Il faut aborder ici une autre possibilité: celle de répartir les marchés canadiens de façon

à tirer profit de la sécurité des approvisionnements au Canada et parfois également des prix moins élevés des sources étrangères. La politique nationale du pétrole en serait un exemple, même si sa pertinence est limitée dans le cas de produits minéraux non combustibles.

Une troisième option possible consisterait à favoriser la diversification économique par une transformation plus poussée des minéraux, et par une intensification de la fabrication de produits à base de minéraux. Il a été question plus haut de quelques-unes des possibilités qui s'offraient à nous en vertu de cette option. Le ministère de l'Industrie et du Commerce a récemment publié une étude sur les avantages d'une transformation plus poussée. Les avantages d'une politique de transformation plus poussée sont bien réels, en autant que la politique est fondée sur une évaluation réaliste de ses résultats et de ses coûts. Il faudrait qu'une telle politique tienne également compte des divers facteurs qui influencent la production, la fabrication et la vente de certains produits, à diverses étapes de la transformation.

Une quatrième option pourrait avoir pour objectif de maximiser les richesses découlant de l'exploitation des ressources minérales. Ces richesses seraient alors à la disposition des secteurs public ou privé qui pourraient les réinvestir et engendrer d'autres richesses. C'est la politique qu'a adoptée l'Alberta en grande mesure, lors du développement de son industrie pétrolière; les richesses découlant de l'exploitation du pétrole ont été à la fois converties en capital social, écoles, chemins, hôpitaux et services et réinvesties dans l'industrie pétrolière.

Les options mentionnées ci-dessus ne sont pas définitives. Leur valeur réside dans le fait qu'elles nous permettront d'organiser notre ligne de pensée à propos des diverses politiques minérales, et de réfléchir au sujet de leurs résultats. Une option n'exclut pas les autres, et elle ne peut non plus être appliquée globalement. On doit les considérer à la lumière des besoins suivants: la nécessité de faire des distinctions entre les divers produits, d'étudier des politiques dans une perspective régionale, et de déterminer quelle forme devront prendre les avantages qui découleront de l'exploitation des ressources.

4. LE TRANSPORT DES MINÉRAUX DANS LES PROVINCES DE L'OUEST

Le volume et la valeur de la production de l'industrie minière de l'Ouest canadien ont augmenté régulièrement au cours des dix dernières années. Si on exclut le pétrole brut et le gaz naturel, la production de minéraux dans l'Ouest est passée de 9,5 millions de tonnes en 1962 à 32 millions de tonnes en 1971. On peut attribuer la majeure partie de cette augmentation au développement de l'industrie de la potasse en Saskatchewan, aux expéditions de charbon cokéfiant au Japon et à l'accroissement de la production de soufre en Alberta.

Comme la majeure partie de la production minière dans l'Ouest canadien est le résultat de la demande extérieure, l'industrie est caractérisée par des mouvements de produits sur de longues distances, soit sur le continent ou outre-mer.

L'extraction et le traitement sont étroitement reliés à l'industrie du transport. Les frais de transport sont un facteur important dans la rentabilité d'une mine.

Dans l'Ouest canadien, les principaux produits miniers qui sont le plus influencés par les frais de transport sont la potasse, le soufre, le charbon et les concentrés de métaux communs.

La potasse—Le développement rapide de l'industrie de la potasse en Saskatchewan à la fin des années 60 a entraîné des améliorations technologiques dans le réseau de transport ferroviaire. On a mis au point de nouveaux wagons-trémies, construit de nouvelles ramifications, et amélioré l'intégration des chemins de fer, des navires et des camions. On a réussi à réduire le prix payé par l'expéditeur pour transporter la potasse vers les marchés extérieurs. L'industrie a cependant de graves problèmes à surmonter, particulièrement une capacité de surproduction accompagnée au prix peu élevé de la potasse, les pointes saisonnières de la demande aux États-Unis, le manque de wagons en saison de pointe, et les grandes distances à parcourir pour atteindre le port de Vancouver.

Le soufre—La production de soufre en Alberta ne peut pas être contrôlée parce qu'elle fait partie du procédé de production du gaz naturel déjà vendu et destiné aux marchés. Environ un tiers seulement de la production de soufre en Alberta est mis en marché; le reste est mis en réserve. On a évalué les réserves à 9 millions de tonnes en 1972, et elles pourraient atteindre 25 millions de tonnes d'ici 1975. Comme les réserves sont trop abondantes, les prix du soufre sur le marché sont bas. Le marché du soufre aux États-Unis est protégé et le soufre canadien ne peut y entrer en quantités importantes.

Les installations de production en Alberta sont dispersées mais de récents progrès dans la collecte par train-groupe et train-bloc ont amélioré la situation. Il existe encore des problèmes à Vancouver où des retards et des contretemps se sont manifestés dans les installations de manutention et de stockage.

Il est probable que de meilleures perspectives s'offriront à l'industrie du soufre si l'on pouvait trouver de nouveaux usages pour ce produit de l'Alberta. Les prix du soufre fondu sont présentement élevés, mais sa production à partir des réserves de l'Alberta ne serait pas économique, compte tenu des installations actuelles. On a créé l'Institut canadien du développement du soufre (SUDIC) qui doit coordonner, surveiller et financer le développement et la recherche de nouveaux usages pour le soufre. De plus des entretiens ont eu lieu entre l'Alberta et le gouvernement fédéral depuis 1971 sur les façons possibles d'alléger les problèmes de surabondance, d'accroître l'efficacité de la commercialisation du soufre, et de maximiser les avantages que le Canada retire de cette ressource.

Le charbon—Les vastes réserves de charbon de l'Ouest canadien ont deux principaux usages: le charbon qui sert à la production d'énergie électrique dans les centrales thermiques et le charbon cokéfiant qui entre dans la fabrication de l'acier.

Les expéditions de charbon cokéfiant au marché métallurgique japonais sont déjà une réalité. Des techniques d'extraction à grande échelle, la construction de nouvelles voies ferrées et d'installations terminales à Roberts Bank, et d'importants contrats entre les producteurs canadiens et les consommateurs japonais ont entraîné un mouvement très important de charbon cokéfiant, des Rocheuses à la côte.

Les métaux communs—Les métaux non ferreux les plus importants qui sont extraits et traités dans l'Ouest canadien sont le nickel, le cuivre, le plomb, le zinc et le molybdène. Ils sont en grande partie destinés à des marchés à l'extérieur de la région et sont donc sujets à des expéditions sur de longues distances.

La valeur ajoutée au minerai par la concentration, la fonte et l'affinage permet de compenser les frais d'expédition. Pratiquement tout le minerai traité à la mine, ou près de la mine, et les concentrés sont destinés à des fonderies et à des usines d'affinage au Canada et outre-mer. Le nickel et le cuivre du nord du Manitoba sont traités à Thompson, Flin Flon et Fort Saskatchewan, mais certains concentrés sont expédiés à Sudbury et au Japon. La majeure partie du zinc du Manitoba est fondue à Flin Flon. Une très grande partie de la production de plomb et de zinc de la Colombie-Britannique est fondue à Trail, C.-B., alors que presque toute la production de cuivre de la Colombie-Britannique est acheminée vers les marchés japonais sans transformation.

Un objectif valable, comme nous l'avons mentionné plus haut pour l'Ouest canadien, serait d'encourager la croissance des industries de transformation des produits dérivés des ressources. La plupart des industries de transformation sont situées à l'intérieur et il semblerait donc que dans leur cas, au moins, les frais de transport de produits affinés ou fondus ne sont pas prohibitifs.

5. L'INFRASTRUCTURE DU TRANSPORT

Les chemins de fer jouent de loin le rôle le plus important dans le transport des minéraux dans l'Ouest. Leur service est adéquat en fonction de certains facteurs, comme la fréquence des trajets et le nombre de wagons disponibles, la rapidité, la sécurité, la capacité, la qualité de l'équipement et la construction de voies ferrées. On a déjà mentionné certains problèmes du réseau ferroviaire. On a également remarqué que l'intégration des réseaux de transport a progressé, particulièrement en ce qui a trait aux déplacements, à la manutention et au stockage de quantités importantes de produits peu coûteux, et que l'intégration et la spécialisation ont permis de réaliser des économies importantes.

Les possibilités d'expansion de l'industrie minière dans les régions encore inexploitées dépendent de la construction de nouvelles voies ferrées et de routes. La facilité d'accès est un facteur critique dans l'exploration et l'exploitation, tout comme dans le transport des produits minéraux vers d'autres régions. Présentement les progrès les plus évidents en ce sens se produisent dans le nord-ouest

de la Colombie-Britannique. La région offre d'excellentes possibilités d'exploitation de ses ressources minérales et forestières. Le prolongement du réseau ferroviaire permettra d'exploiter cette région et laisse entrevoir la construction d'une ligne qui relierait le Yukon à la région.

L'industrie du transport est importante pour l'industrie minière de l'Ouest canadien, surtout parce que la majeure partie des produits minéraux sont destinés à des marchés lointains. Les possibilités d'expansion des marchés pour de grosses quantités de produits à prix peu élevé, comme le soufre et la potasse, reposent toujours sur des innovations dans la production et le transport. Le prolongement du réseau ferroviaire jusque dans le Nord-Ouest canadien ouvrira certainement une des régions les plus prometteuses pour l'exploration et l'exploitation minérales.

6. EXPLOITATION MINÉRALE, PERSPECTIVES D'EMPLOI ET DISTRIBUTION DÉMOGRAPHIQUE

L'évolution économique des quatre provinces de l'Ouest depuis 1945 a entraîné des changements démographiques radicaux, ainsi que des changements dans l'emplacement des industries. L'exploitation pétrolière et minérale a devancé l'agriculture dans les Prairies. Un nombre croissant de personnes quittent le Manitoba et la Saskatchewan, alors que l'Alberta et la Colombie-Britannique accusent des gains rapides de population. Les déménagements de la campagne à la ville se multiplient et Vancouver, Edmonton et Calgary revêtent l'aspect métropolitain traditionnel de Winnipeg. Les terres septentrionales de l'Ouest sont caractérisées par quelques établissements urbains dispersés, mais prospères, dans les régions pionnières, et par une pauvre et croissante population indigène qui n'a pas pris part à l'exploitation des ressources dans son milieu.

Le besoin ressenti par l'agriculture de l'Ouest de demeurer concurrentielle sur les marchés internationaux a entraîné des progrès technologiques, la rationalisation des fermes, une diminution de la main-d'œuvre agricole, des déménagements croissants à l'extérieur des centres ruraux, et une population qui prend de l'âge, surtout dans les régions agricoles de la Saskatchewan et du Manitoba. Il est certain que, sans le développement économique fondé sur les minéraux et le pétrole, les provinces des Prairies seraient aujourd'hui moins peuplées et sujettes aux incertitudes économiques et climatiques de l'agriculture. Les minéraux et le pétrole sont un substitut important de l'agriculture dans la base économique, mais leur répartition inégale a déplacé la croissance économique vers l'Alberta et la Colombie-Britannique. Cette répartition inégale est rendue plus complexe par la diversité des venues minérales dans l'Ouest. Alors qu'il est presque impossible de satisfaire à la demande de minéraux comme le cuivre, le nickel, le zinc, et à la demande de pétrole et de gaz, la situation économique du molybdène, de la potasse, du soufre et du mercure n'est pas encourageante actuellement.

Néanmoins, le nombre de personnes employées directement dans le secteur des minéraux et de l'énergie a aug-

menté dans toutes les provinces de l'Ouest au cours des dix dernières années. Entre 1961 et 1971 ont eu lieu les augmentations approximatives suivantes:

Manitoba	3,300 à 6,000
Saskatchewan	3,700 à 5,100
Alberta	5,000 à 16,100
Colombie-Britannique	6,500 à 10,800
Total pour l'Ouest canadien	18,500 à 38,100

Ces chiffres comprennent les employés de mines, de carrières et de puits de pétrole. Ils ne comprennent pas les employés de fonderies et d'usines d'affinage, ni l'important effet multiplicateur d'emplois dans les secteurs secondaires et de service.

Au cours de la même période la population a augmenté de 6.7 p. cent au Manitoba, de 0.1 p. cent en Saskatchewan, de 18.2 p. cent en Alberta, et de 45.9 p. cent en Colombie-Britannique. Dans chaque province le nombre d'emplois dans le secteur minier a augmenté proportionnellement plus rapidement que l'ensemble de la population, et l'Alberta et la Colombie-Britannique ont accusé les augmentations les plus importantes.

7. L'AVENIR

Les objectifs de l'Ouest en ce qui a trait à la croissance de la population sont basés sur l'expansion prévue du secteur non agricole, du secteur de la fabrication et du secteur tertiaire ou des services. Les possibilités accrues d'emploi dans les secteurs minier et pétrolier peuvent avoir un effet multiplicateur important sur le reste de l'économie, particulièrement s'il y a établissement ou expansion d'usines de transformation plus poussée et des industries de la fabrication basée sur les minéraux.

Manitoba—Les emplois miniers proprement dits ont presque doublé dans les années 60 au Manitoba; il est probable que leur nombre augmentera plus lentement au cours de la prochaine décennie et qu'il atteindra environ de 6,400 à 8,400. Cette croissance se manifestera presque entièrement dans le nord, soit dans la région de Thompson. Le nombre d'emplois dans la région de Lynn Lake augmentera peut-être légèrement pour se stabiliser ensuite, alors qu'il pourrait diminuer dans la région de Snow Lake-Flin Flon. Il est probable que pour l'ensemble du Manitoba, l'industrie minière sera stable et vigoureuse, mais l'augmentation du nombre d'emplois reliés aux minéraux sera sans doute plus modeste. Les fonderies de Flin Flon et Thompson sont déjà bien établies; il est improbable qu'il y ait expansion importante en vue d'une transformation plus poussée. En supposant qu'il y ait un multiplicateur d'emplois de 4, capacité excédentaire minimale, et que les liens entre les régions et les industries soient améliorés, le Manitoba pourrait s'attendre à entre 4,000 et 5,000 emplois additionnels basés sur le secteur minier.

Saskatchewan—Le nombre d'emplois miniers en Saskatchewan a accusé une baisse dans les années 60 parce

que les marchés d'uranium ont faibli, puis il a augmenté de façon importante à la fin de la décennie avec l'exploitation des mines de potasse. De son niveau actuel d'environ 5,600, le nombre d'emplois directement rattachés aux mines pourrait passer à 6,600 en 1981 (les minima et maxima possibles étant de 5,300 et 7,700 respectivement). Cette augmentation devrait se manifester principalement dans la région centrale sud (Saskatoon), mais aussi dans la région d'Esterhazy et dans le nord de la Saskatchewan. L'industrie de la potasse qui fonctionne présentement beaucoup au-dessous de sa capacité augmentera progressivement sa production et fera usage de sa capacité actuellement excédentaire, mais il est probable que l'augmentation du nombre d'emplois sera modeste. On ne connaît pas actuellement les possibilités d'établir de nouvelles mines de métaux communs dans le Nord, mais des travaux additionnels pourraient apporter des découvertes. La production d'uranium augmentera et de nouvelles mines seront ouvertes à mesure que le marché de l'uranium prendra de l'expansion plus tard dans la présente décennie.

La croissance de la population de la Saskatchewan en fonction du secteur minéral pourrait être stable ou bien de l'ordre de 4,000 à 5,000 personnes.

Alberta—Le secteur des combustibles, qui a dominé l'augmentation phénoménale du nombre d'emplois reliés aux mines dans cette province au cours des années 60, continuera d'être l'élément le plus important de l'industrie de l'Alberta. Le nombre des emplois directement attribuables à l'exploitation minière passera tout probablement de son niveau actuel de plus de 16,000 à un niveau entre 18,900 et 22,650.

Le plus grand nombre d'emplois se trouvera de loin dans les exploitations de combustibles, pétrole brut, gaz naturel, sous-produits du gaz naturel (soufre), et charbon. Les sables bitumineux de l'Athabasca offrent de grandes possibilités, mais la production de pétrole et de ses sous-produits à partir de ces sables ne pourra avoir lieu à moins que l'on n'apporte des investissements massifs dans la recherche et la technologie. La production de charbon pour le marché japonais devrait s'accroître. Elle s'accroîtrait encore plus si les marchés de l'Est devenaient accessibles. La production de soufre augmentera en fonction de la quantité de gaz naturel traité; la possibilité d'augmentation du nombre d'emplois est limitée à moins que l'on ne trouve de nouveaux usages pour le soufre.

L'avenir est prometteur pour l'Alberta. L'infrastructure secondaire et tertiaire rattachée aux industries des combustibles est bien établie et en pleine croissance. Les populations d'Edmonton et de Calgary continueront donc d'augmenter en fonction de l'essor des industries des combustibles minéraux en Alberta.

Colombie-Britannique—La Colombie-Britannique possède l'industrie minière la plus diversifiée de l'Ouest canadien, au point de vue géographique et au point de vue du nombre de produits. Elle est dominée par le cuivre, le pétrole brut, le molybdène, le zinc, le gaz naturel, le plomb et le charbon (ordre ascendant de valeur de la production en 1970.) Les minéraux métalliques conserveront leur premier rang en fait d'importance, mais on

prévoit que les combustibles occuperont une place relativement plus importante. Dans l'ensemble, on prévoit que le nombre d'emplois miniers en Colombie-Britannique passera de son niveau actuel de plus de 9,000 à environ 14,900 en 1976, pour baisser ensuite à un niveau stable d'environ 13,800 d'ici 1981. Le minimum et le maximum possible prévus pour 1981 sont de 10,330 et 16,090.

La Colombie-Britannique possède cependant l'une des dernières régions minières de frontière au Canada et la plus prometteuse, dans ce sens que de vastes superficies doivent encore être explorées. Et même les données mentionnées ci-haut ne reflètent peut-être pas suffisamment ce qui viendra. Cette affirmation est particulièrement vraie dans le cas du nord-ouest où l'on trouve des venues et des indications qui portent à croire qu'il existe plusieurs très grands gisements de métaux communs à faible teneur, surtout du cuivre, qui attendent l'arrivée du British Columbia Railway pour être exploités. L'exploitation d'immenses gisements de cuivre porphyrique dans le centre et le sud de la Colombie-Britannique ne fait que commencer et l'extraction du charbon cokéfiant prend rapidement de l'ampleur dans l'est de la province.

La bonne fortune de la Colombie-Britannique repose sur ses richesses minérales, mais aussi sur le marché japonais qui a contribué grandement au financement de l'exploitation minière dans la province. Les possibilités de croissance additionnelle sont loin d'être épuisées. Cette affirmation s'applique à l'extraction ainsi qu'au traitement des minéraux. La Colombie-Britannique n'a pas de fonderie ni d'usine d'affinage pour le cuivre, et des quantités très importantes de concentrés sont exportées au Japon sans transformation. Deux et possiblement trois usines de traitement pourraient être construites en Colombie-Britannique en fonction des quantités de concentrés.

La croissance de la population entraînée directement par les travaux d'extraction (et la transformation des minéraux, si cela se réalise) se manifestera en grande partie dans le centre-sud, le sud-est, le centre et le nord-ouest de la province. L'industrie minière de la Colombie-Britannique exige de plus en plus de capitaux pour satisfaire à ses besoins d'infrastructure complexe pour l'extraction et le transport. Le développement de rapports d'intégration à l'intérieur de la province devrait entraîner des accroissements importants dans le nombre d'emplois des secteurs secondaires et tertiaires de l'économie. La population augmentera sans doute très sensiblement à Vancouver, tandis que les petites villes minières de l'intérieur, continueront de prendre de l'expansion. Il faudra sans doute établir de nouvelles villes dans le nord-ouest. La Colombie-Britannique est une des rares régions canadiennes où la population rurale (non agricole) a augmenté au cours des dernières années. Cette tendance, qui se base sur l'exploitation des ressources, se poursuivra.

CONCLUSION

L'exploitation des ressources a joué au cours de l'histoire un rôle majeur dans l'économie des provinces de l'Ouest et elle continuera de le faire. Son importance sera con-

sidérable dans toute expansion de la base industrielle de l'Ouest. Même s'il est essentiel de ne pas exagérer les effets de l'exploitation des ressources sur le nombre d'emplois et sur la population, une gestion soignée des res-

sources du sol qui s'étendrait à l'affinage et à la transformation offre d'importantes possibilités d'emplois et de richesses et peut contribuer à l'élaboration d'une base industrielle rentable.

TABLEAUX CHOISIS SUR LA PRODUCTION MINÉRALE AU CANADA ¹

CHARBON

	1962		1970		1972	
	(000 tonnes)	(\$000)	(000 tonnes)	(\$000)	(000 tonnes)	(\$000)
Canada.....	10,217	69,200	16,604	86,067	20,949	154,151
Saskatchewan.....	2,247	4,555	3,819	7,400	3,261	6,356
Alberta.....	2,121	10,001	6,784	28,176	9,156	52,773
Colombie-Britannique.....	821	6,056	3,483	25,689	6,676	74,894

CUIVRE

	1962		1970		1972	
	(000 livres)	(\$000)	(000 livres)	(\$000)	(000 livres)	(\$000)
Canada.....	914,770	282,733	1,345,434	779,242	1,601,241	809,895
Manitoba.....	25,475	7,898	95,811	55,620	117,021	59,187
Saskatchewan.....	64,034	19,850	38,946	22,609	26,277	13,291
Colombie-Britannique.....	108,979	33,766	211,644	122,829	495,710	250,730

OR

	1962		1970		1972	
	Onces	(\$000)	Onces	(\$000)	Onces	(\$000)
Canada.....	4,178,396	156,314	2,408,574	88,057	2,079,000	76,059
Manitoba.....	68,259	2,554	34,642	1,267	40,000	1,463
Saskatchewan.....	66,034	2,470	44,889	1,641	31,000	1,148
Alberta.....	186	7	152	5,557		
Colombie-Britannique.....	159,492	5,967	101,197	3,700	121,000	4,413

MINÉRAI DE FER

	1962		1970		1972	
	(000 tonnes)	(\$000)	(000 tonnes)	(\$000)	(000 tonnes)	(\$000)
Canada.....	27,360	263,004	52,314	588,631	50,710	563,150
Colombie-Britannique.....	1,794	18,327	1,879	17,392	1,286	11,480

PLOMB

	1962		1970		1972	
	(000 livres)	(\$000)	(000 livres)	(\$000)	(000 livres)	(\$000)
Canada.....	430,659	42,721	778,370	123,138	742,664	114,557
Manitoba.....	7,584	752	1,010	160	387	60
Colombie-Britannique.....	335,283	33,260	214,839	33,987	187,967	28,994

¹ Voir à la page 387.

TABLEAUX CHOISIS SUR LA PRODUCTION MINÉRALE AU CANADA¹ (Suite)

MOLYBDÈNE

	1962		1970		1972	
	(000 livres)	(\$000)	(000 livres)	(\$000)	(000 livres)	(\$000)
Canada.....	818	1,261	33,772	57,141	24,844	34,022
Colombie-Britannique.....	—	—	31,276	52,561	23,975	32,545

GAZ NATUREL

	1962		1970		1972	
	(000 pieds ³)	(\$000)	(000 pieds ³)	(\$000)	(000 pieds ³)	(\$000)
Canada.....	894,671,614	104,061	2,277,108,791	315,100	2,851,630,000	380,563
Saskatchewan.....	35,949,495	3,782	62,594,067	7,332	68,712,000	8,663
Alberta.....	660,301,759	83,462	1,870,507,110	265,912	2,329,105,000	322,225
Colombie-Britannique.....	114,758,260	10,856	326,564,797	35,200	424,865,000	42,710

SOUS-PRODUITS DU GAZ NATUREL

	1962		1970		1972	
	(000 barils)	(\$000)	(000 barils)	(\$000)	(000 barils)	(\$000)
Canada.....	16,905	32,665	77,783	160,110	106,947	245,412
Saskatchewan.....	974	1,731	1,555	2,709	1,510	2,829
Alberta.....	14,479	30,463	74,496	154,017	103,677	238,801
Colombie-Britannique.....	1,452	2,643	1,732	3,384	1,760	3,782

NICKEL

	1962		1970		1972	
	(000 livres)	(\$000)	(000 livres)	(\$000)	(000 livres)	(\$000)
Canada.....	464,484	383,785	611,762	830,167	512,934	697,528
Manitoba.....	122,963	102,586	158,242	214,823	131,143	179,050
Colombie-Britannique.....	3,476	2,903	3,408	4,703	3,330	4,730

PÉTROLE BRUT (Y COMPRIS LES CONDENSATS)

	1962		1970		1972	
	(barils)	(\$000)	(barils)	(\$000)	(barils)	(\$000)
Canada.....	244,147,014	548,280	448,252,327	1,115,272	561,201,401	1,569,000
Manitoba.....	3,926,683	9,436	5,908,389	14,858	5,275,000	14,559
Saskatchewan.....	64,432,411	141,680	89,486,610	199,770	86,989,000	219,212
Alberta.....	161,131,140	375,827	325,592,146	841,453	444,165,427	1,270,000
Colombie-Britannique.....	8,914,220	16,872	25,361,336	60,665	23,935,925	63,000

¹ Voir à la page 387.

TABLEAUX CHOISIS SUR LA PRODUCTION MINÉRALE AU CANADA¹ (Suite)

POTASSE

	1962		1970		1972	
	(000 tonnes)	(\$000)	(000 tonnes)	(\$000)	(000 tonnes)	(\$000)
Canada.....	N/A	3,000	3,420	108,695	4,130	140,500
Saskatchewan.....	N/A	3,000	3,420	108,695	4,130	140,500

N/A — Non disponible.

ARGENT

	1962		1970		1972	
	onces	(\$000)	onces	(\$000)	onces	(\$000)
Canada.....	30,422,972	35,443	44,250,804	81,864	48,488,000	80,489
Manitoba.....	847,879	988	660,755	1,223	814,000	1,351
Saskatchewan.....	762,215	888	491,953	910	401,000	665
Alberta.....	17	—	14	—	—	—
Colombie-Britannique.....	6,186,937	7,208	6,511,316	12,046	7,238,000	12,015

SOUFRE ÉLÉMENTAIRE

	1962		1970		1972	
	(000 tonnes)	(\$000)	(000 tonnes)	(\$000)	(000 tonnes)	(\$000)
Canada.....	695	9,288	3,548	28,354	3,271	18,593
Manitoba.....	N/A	57	8	72	4	111
Saskatchewan.....	N/A	22	26	210	25	247
Alberta.....	N/A	8,308	3,454	27,587	3,139	17,072
Colombie-Britannique.....	N/A	863	59	468	58	330

SOUFRE DANS LES GAZ DE FONDERIE

	1962		1970		1972	
	(000 tonnes)	(\$000)	(000 tonnes)	(\$000)	(000 tonnes)	(\$000)
Canada.....	293	3,090	706	7,433	630	5,223
Colombie-Britannique.....	N/A	2,006	221	2,208	226	1,874

N/A — Non disponible.

URANIUM

	1962		1970		1972	
	(000 livres)	(\$000)	(000 livres)	(\$000)	(000 livres)	(\$000)
Canada.....	16,859	158,184	8,209	50,237	9,796	N/A
Saskatchewan.....	4,054	39,901	1,531	N/A	1,327	N/A

N/A — Non disponible

¹ Voir à la page 387.

TABLEAUX CHOISIS SUR LA PRODUCTION MINÉRALE AU CANADA¹ (Fin)

ZINC

	1962		1970		1972	
	(000 livres)	(\$000)	(000 livres)	(\$000)	(000 livres)	(\$000)
Canada.....	926,289	112,081	2,503,821	398,859	2,647,293	504,851
Manitoba.....	99,840	12,081	78,926	12,573	91,850	17,516
Saskatchewan.....	61,799	7,478	43,665	6,956	33,150	6,322
Colombie-Britannique.....	413,431	50,025	275,591	43,902	267,515	51,015

¹SOURCE: Statistique Canada.

(Les chiffres pour 1972 sont sujets à révision).

LE DÉVELOPPEMENT INDUSTRIEL ET COMMERCIAL

Ce document a été préparé par le gouvernement du Canada, en prévision de la Conférence sur les perspectives économiques de l'Ouest, qui aura lieu du 24 au 26 juillet 1973, à Calgary. Il s'agit d'une analyse servant de base aux discussions avec les provinces de l'Ouest et aux propositions que le gouvernement fédéral présentera à cette occasion.

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PRÉAMBULE

L'économie de l'Ouest canadien dépend, dans une large mesure, des industries d'exploitation des ressources naturelles. L'agriculture, les pêches, les produits forestiers, les minéraux, l'énergie et les industries de services qui s'y rattachent, sont les principales sources d'emplois et de revenus. Cependant, au cours de la période de l'après-guerre, les activités de valorisation des ressources et de fabrication se sont considérablement développées, bien qu'insuffisamment.

Les politiques industrielles et commerciales du gouvernement fédéral visent à accélérer la croissance et la diversification de l'économie des provinces de l'Ouest. Quatre grands objectifs de développement ont été fixés pour cette région:

- croissance industrielle et commerciale continue;
- accroissement de la diversification industrielle;
- meilleure répartition géographique du développement industriel;

—amélioration de la qualité de la vie dans le cadre du travail.

Le gouvernement fédéral révisé actuellement ses politiques et lance de nouveaux programmes importants qui répondront encore mieux aux besoins des provinces de l'Ouest. Le texte qui suit souligne un certain nombre de ces activités.

1. STRATÉGIE INDUSTRIELLE POUR L'OUEST

Comme d'autres régions du Canada, les provinces de l'Ouest recherchent une stratégie pour le développement et la diversification de l'industrie. Cependant le terme «stratégie industrielle» peut prêter à confusion. Il évoque un beau document imprimé «noir sur blanc». Il incite à attendre des résultats immédiats. Nous avons adopté une méthode pratique qui consiste en une liste d'objectifs, un ensemble cohérent de politiques industrielles et des stratégies sectorielles pour les diverses industries. Les prin-

cipes adoptés sont valables également pour l'industrie des autres régions du pays.

Les trois secteurs de l'activité industrielle

Dans la mise au point d'objectifs et de stratégie pour l'industrie, il faut considérer les trois secteurs de base: primaire, secondaire et tertiaire.

Le secteur primaire ou des ressources—ressources renouvelables et non renouvelables, les industries de ressources et d'énergie. Le Canada est l'un des seuls pays industrialisés dont la production dans ces deux domaines est largement suffisante, et la majorité de ces ressources se trouvent dans l'Ouest.

Le secteur secondaire—industries de fabrication et de transformation. Le marché intérieur canadien est l'un des plus petits pour un grand pays industriel. Notre prospérité dépendra de notre aptitude à soutenir la concurrence internationale et à accéder aux marchés des autres pays.

Le secteur tertiaire—nos industries de service. Une part importante des emplois concerne le secteur des services, dont la moitié environ a trait aux services reliés aux produits. L'autre moitié se répartit pratiquement de façon égale entre les services personnels et les services gouvernementaux.

Objectifs pour la valorisation des ressources et le développement industriel

Six objectifs clés ressortent quant à la valorisation des ressources et au développement industriel.

- Développer une industrie de transformation et de fabrication efficace et concurrentielle sur le plan international pour soutenir la concurrence au Canada et à l'étranger.
- Atteindre les taux maxima d'emploi correspondant à l'accroissement actuel et futur de la main-d'œuvre.
- Accroître les revenus et mettre l'accent sur l'expansion économique régionale pour diminuer les disparités entre les régions.
- Développer le traitement des ressources naturelles afin d'accroître au maximum les revenus provenant de ces richesses.
- Parvenir à un plus grand contrôle intérieur de l'économie canadienne afin de créer des conditions favorables à un plus grand essor de l'entreprise canadienne au pays et à l'étranger.
- Contribuer à l'amélioration de la qualité de la vie dans toutes les régions du Canada en créant des emplois satisfaisants pour les Canadiens et en limitant les effets nuisibles de l'activité industrielle sur l'environnement naturel et social.

Un ensemble cohérent de politiques industrielles

Le développement industriel futur—la poursuite de ces objectifs—nécessite un ensemble cohérent de politiques industrielles. Parmi la large gamme des instruments et de

politiques industrielles disponibles, on peut citer les suivants:

- politiques fiscales
- politiques commerciales et douanières
- politiques de soutien de l'industrie
 - stimulants à la recherche et au développement
 - amélioration de la productivité
 - expansion des marchés d'exportation
 - formation des cadres de gestion
 - formation sur le tas
 - aide technique
- politiques de main-d'œuvre
- politiques d'expansion régionale
- politique de concurrence
- politique de l'investissement étranger
- politique des ressources minérales et énergétiques
- politique des transports
- politique des communications
- politiques de l'environnement

Stratégies industrielles particulières

La méthode d'approche la plus simple au développement industriel consiste à cerner les problèmes et les possibilités de chaque type d'industrie. Cela permet de tenir compte des caractères particuliers des diverses régions et industries.

Il s'ensuit la nécessité de stratégies différentes suivant les cas. Par exemple, on met au point des «stratégies» pour les machines, la pâte à papier et le papier, la recherche océanographique, la construction navale, la construction, etc. . . Une telle méthode doit surtout s'appliquer d'abord aux secteurs dont l'activité reste bien en deçà de leurs possibilités ou qui connaissent des problèmes aigus d'adaptation.

En formulant les objectifs et les stratégies pour le développement industriel canadien, le gouvernement continuera à établir des programmes et des politiques destinés à encourager la création et l'expansion d'entreprises à favoriser particulièrement, comme la petite entreprise canadienne, les sociétés multinationales dont le siège est au Canada et les consortiums de commercialisation internationale.

C'est par cette méthode que les intérêts de l'Ouest, d'autres régions et de l'ensemble du Canada seront le mieux servis.

2. PROGRAMMES DE SOUTIEN À L'INDUSTRIE

Le ministère fédéral de l'Industrie et du commerce administre un grand nombre de programmes d'aide et d'encouragement destinés à répondre à des besoins précis de l'industrie canadienne. Ils concernent l'innovation et la conception de produits, l'amélioration de la productivité, le perfectionnement des cadres, la restructuration industrielle et la commercialisation. Ces programmes d'aide et d'encouragement ont contribué à l'amélioration de la position concurrentielle de l'industrie canadienne dans le

monde. Un examen des activités des programmes au cours des dernières années indique nettement que l'industrie de l'Ouest canadien en a largement profité, ce qui a permis de mieux diversifier les activités industrielles de la région. Le gouvernement fédéral est cependant conscient de la nécessité de prendre de nouvelles initiatives pour s'assurer que ces programmes répondent encore plus parfaitement aux besoins d'expansion industrielle des provinces de l'Ouest.

Certaines des initiatives, nouvelles ou grandissantes, des programmes de soutien à l'industrie qui revêtent une importance particulière pour l'Ouest du Canada sont exposées dans les paragraphes suivants.

Les petites entreprises

Étant donné que l'on cherche à encourager l'expansion des industries de fabrication et de transformation dans les provinces de l'Ouest, les ordres de grandeur qui se rapportent aux petites entreprises sont particulièrement importants en raison de la prépondérance relative de ces dernières dans cette région. Environ 67 p. cent du nombre total des entreprises industrielles de fabrication de l'Ouest avaient, en 1970, moins de 15 employés. Il faut savoir que la moyenne nationale se situe aux alentours de 59 p. cent.

Lorsqu'on parle de la petite entreprise, on cite fréquemment ses deux points faibles, à savoir l'accès au financement et la faiblesse de la gestion. Ces deux points ne s'excluent pas mutuellement, en ce sens que les difficultés au chapitre du financement sont souvent le résultat d'une insuffisance de compétence administrative. Les résultats d'un certain nombre d'enquêtes sur les faillites commerciales démontrent que la mauvaise gestion est l'une des principales causes de ces difficultés.

Au cours des années, les gouvernements fédéral et provinciaux ont réagi aux besoins de ces entreprises en adoptant un certain nombre de programmes. En matière de financement, les mesures fédérales comportaient notamment la création de la Banque d'expansion industrielle, l'adoption de la Loi sur les prêts aux petites entreprises et la mise en œuvre du Programme d'aide générale de transition. On a aussi créé des programmes d'aide à la gestion, tels que les Services de consultation pour petites entreprises (CASE), ainsi que le Programme de formation de la direction de l'entreprise, le Service de génie industriel et les Services consultatifs de la direction de l'entreprise de la BEI. D'autres mesures ont été prises, comme le Service de renseignements techniques du Conseil national de recherches qui offre une aide aux entreprises au chapitre du transfert des techniques.

Le taux privilégié d'imposition des petites entreprises, soit 20 p. cent, est une concession de taille qui a pour but d'aider et d'encourager ces entreprises.

Malgré le nombre et la variété des programmes déjà institués pour aider les propriétaires des petites et moyennes entreprises, celles-ci continuent d'être aux prises avec des problèmes directement attribuables à leur taille. Ainsi, le directeur d'une petite entreprise a souvent beaucoup de

difficulté à se tenir au courant des innombrables activités fédérales et provinciales destinées à l'aider. D'ailleurs, s'il ignore que les lois fiscales ont changé ou qu'il existe de nouvelles méthodes de gestion, de production et de commercialisation, il peut se trouver sérieusement désavantagé.

Société de crédit et de développement pour petites entreprises

Le ministre de l'Industrie et du commerce a récemment annoncé une nouvelle initiative de grande envergure pour aider les petits exploitants à améliorer et renforcer leurs entreprises.

Le gouvernement du Canada a l'intention de créer une société de crédit et de développement pour petites entreprises qui serait l'instrument essentiel d'une politique d'aide plus étroitement coordonnée et plus décentralisée. La Société offrira aux petites entreprises un assortiment complet de mesures destinées à les aider sous le triple rapport du financement, de l'orientation de la gestion et de la formation des cadres. Elle permettra de rationaliser et de simplifier au maximum les programmes d'aide gouvernementale à la petite entreprise. Elle constituera un «centre de services» pour les directeurs de petites entreprises qui sont débordés. Ses activités seront aussi étroitement associées aux possibilités et intérêts régionaux.

Fonction financière de la Société

Les moyens de financement de la Banque d'expansion industrielle seront regroupés au sein de la Société et comporteront en outre:

- une plus grande simplification des méthodes de traitement des prêts et des garanties exigées;
- l'adoption de nouvelles dispositions en matière de prêts à termes fixes, tels que la flexibilité du mode de remboursement;
- l'investissement en actions ordinaires lorsqu'on en a besoin à terme pour maintenir la rentabilité financière d'une entreprise;
- une plus grande sensibilisation aux besoins régionaux de financement.

Fonction consultative de la Société

La Société assumera et entreprendra également:

- les services d'orientation de la gestion actuellement offerts par les services de consultation pour petites entreprises (CASE) du ministère de l'Industrie et du Commerce;
- les services de consultation en gestion actuellement fournis par le Service de renseignements techniques du Conseil national de la recherche;
- les services consultatifs aux cadres d'entreprises actuellement offerts par la Banque d'expansion industrielle;
- les services de gestion offerts aux petites entreprises par le ministère de la Main-d'œuvre et de l'Immigration;

—l'exécution d'un inventaire complet des programmes gouvernementaux qui touchent les opérations des petites entreprises et l'orientation de ces entreprises vers les sources d'aide appropriées.

Organisation de la Société

Le nouvel organisme sera une société de la Couronne indépendante qui rendra compte de ses activités au Parlement par l'intermédiaire du ministère de l'Industrie et du Commerce. La société sera dirigée par un conseil d'administration, dont la majorité des membres seront issus des milieux d'affaires et représenteront adéquatement les régions. On prévoit que les activités de la société seront décentralisées dans la mesure du possible pour la rendre plus sensible aux problèmes régionaux et aux intérêts des petites entreprises.

Par ailleurs, des conseils consultatifs régionaux seront créés pour renseigner le conseil d'administration sur les problèmes et les besoins des régions et informer le public sur les services qu'elle offre.

Services de consultation pour petites entreprises (CASE)

Pour mettre en œuvre son programme élargi de services de consultation en attendant que la société soit établie, le gouvernement a annoncé qu'il avait l'intention d'ouvrir plusieurs autres bureaux CASE au cours de l'année financière. Trois de ces nouveaux bureaux seront situés dans les provinces de l'Ouest. Le fonctionnement de ce programme relèvera de la société dès qu'elle sera créée. Pour le moment, il y a un bureau CASE à Winnipeg.

Programme d'aide générale de transition (GAAP)

Ce programme, qui existe depuis plusieurs années, est distinct de la nouvelle société et joue un rôle différent. Il a été établi en 1968 pour permettre à l'industrie canadienne de restructurer ses opérations de façon à profiter des possibilités d'exportation créées par le Kennedy Round sur la négociation des tarifs. En vertu du programme, le gouvernement assure des prêts bancaires ou autres financements de l'entreprise privée lorsqu'il n'est pas possible de les obtenir autrement.

L'admissibilité au programme GAAP a été étendue à toutes les entreprises manufacturières qui présentent un programme bien fondé de restructuration ou de mise en œuvre de nouvelles opérations pour améliorer leur position concurrentielle sur les marchés d'exportation ou vis-à-vis des importations. Certaines entreprises du secteur tertiaire ont également droit à une aide pour restructurer ou créer des opérations susceptibles d'améliorer la position concurrentielle internationale des fabricants qu'elles desservent.

D'autre part, le GAAP fait l'objet de plusieurs grands changements qui profiteront à la petite entreprise. Il est notamment prévu de consentir des avances intérimaires pour subvenir aux difficultés que peuvent essayer les petites sociétés qui doivent attendre trop longtemps pour obtenir des prêts de l'entreprise privée, et d'augmenter les subventions du gouvernement pour les frais des ser-

vices professionnels d'experts-conseils nécessaires à l'élaboration des programmes de restructuration. Avec ces modifications, le gouvernement pourra rembourser jusqu'à 80 p. cent de ces frais, au lieu des 50 p. cent actuellement prévus.

Innovations de produits et aide à la recherche

Le ministère de l'Industrie et du commerce a élaboré et mis en œuvre un certain nombre de programmes pour encourager l'innovation technique dans l'industrie canadienne. Ainsi, plus de \$25 millions ont été versés à des industries de l'Ouest du Canada sous forme de subventions en vertu du Programme pour l'avancement de la technologie (PAIT). L'ensemble des fonds consacrés au programme d'innovation et de recherche dans les provinces de l'Ouest dépasse de beaucoup \$40 millions selon les estimations.

La plupart du temps, le gouvernement accorde ses subventions aux entreprises qui en font la demande, pour les besoins de leurs programmes de recherches et de développement. Ces subventions ne se limitent pas cependant à l'industrie. Dans certaines provinces où l'industrie manufacturière est moins développée, des subventions ont été consenties à des «Centres d'excellence», à des universités engagées dans des travaux d'innovation technique, à des établissements provinciaux de recherche et à d'autres institutions spécialisées dans les recherches. En voici quelques exemples:

- le British Columbia Research Centre for Underwater Testing (essais sous-marins) a reçu plus de \$525,000;
- l'Institut de recherche industrielle de l'Université du Manitoba a touché \$165,000;
- le Sulphur Utilization Development Institute of Canada doit recevoir \$1.4 million;
- des négociations en cours portent sur l'octroi éventuel d'une importante subvention au centre des minéraux industriels qui sera créé au sein du Conseil de recherches de la Saskatchewan.

Plus de 40 p. cent des fonds du ministère de l'Industrie et du Commerce destinés aux projets spéciaux iront dans l'Ouest du Canada en 1973-1974. Par ailleurs, le Ministère se propose de réviser ses programmes courants de recherche et de développement avec le concours des représentants de l'Ouest du Canada pour trouver le moyen de les adapter davantage aux besoins de la région.

Dans un domaine connexe, à savoir l'application industrielle de la science et de la technologie, le Ministère est en train de promouvoir la coopération avec plusieurs pays, notamment l'U.R.S.S., l'Allemagne de l'Ouest, la Belgique et le Japon. Un certain nombre de possibilités pour les entreprises de l'Ouest du Canada ont été relevées dans les domaines des habitations mobiles, des papeteries, des machines agricoles et du matériel océanographique.

Les richesses naturelles de l'Ouest, important producteur de gaz naturel et de pétrole, de minéraux, de produits forestiers et agricoles, et sa proximité du Pacifique et de l'Arctique, offrent des avantages propres à l'implantation d'activités qui figurent à l'avant-garde de la technologie,

et notamment l'océanographie, la recherche et les transports dans l'Arctique et la transformation des aliments. Dans bien des cas, des centres de technique de pointe, ou des instituts ou associations de recherche industrielle, pourraient constituer les creusets de la recherche et du développement. On discute actuellement de certaines propositions visant à créer plusieurs nouveaux organismes du genre.

Indépendamment de tout cela, le gouvernement fédéral a consenti des fonds à la recherche fondamentale dans l'Ouest. La Tri-University Meson Facility (TRIUMF), institut de recherche sur les mésons de l'Université de la Colombie-Britannique, dont l'aménagement touche à sa fin, en est un exemple de choix. Cet instrument de la recherche nucléaire sera à la disposition des universités de l'Alberta, de la Colombie-Britannique, de Victoria et de l'Université Simon Fraser. Jusqu'ici, la Commission de contrôle de l'énergie atomique a versé plus de \$23 millions à cet organisme dont on prévoit que le budget d'exploitation s'élèvera à près de \$4 millions par an.

Amélioration de la gestion

Dans le cadre du Programme pour le développement des études universitaires en commerce international, le gouvernement fédéral prendra part à l'établissement de trois centres d'excellence dans des écoles commerciales canadiennes. Un de ces centres sera aménagé dans l'Ouest canadien. Ce programme est conçu en vue de promouvoir davantage la recherche et les études en commerce international dans les universités canadiennes. On encouragera les universités à considérer d'autres méthodes d'enseignement du commerce international, comportant, par exemple, des échanges actifs avec le monde des affaires, des stages à plein temps ou d'autres genres de contacts avec le milieu du commerce international. Le programme comportera deux parties: des subventions d'expansion accordées aux facultés de gestion de l'entreprise d'universités canadiennes choisies, et des bourses annuelles de perfectionnement aux étudiants.

Durant l'année financière 1973-1974, le gouvernement fondera également, à titre d'essai, deux instituts de consultation en administration dans des universités canadiennes dont une de l'Ouest canadien. Ce programme a pour but de créer un milieu institutionnel qui permettrait aux membres des facultés universitaires d'entreprendre efficacement des travaux de gestion consultative et de recherche en gestion patronnés par des entreprises commerciales.

3. VALORISATION DES RESSOURCES NATURELLES

En dépit de la demande croissante de ressources de la part de la CEE élargie, du Japon, et des États-Unis, le Canada, à titre de fournisseur sérieux offrant une vaste gamme de richesses naturelles disponibles pour l'exportation, continue d'expédier beaucoup de produits relativement non transformés. En fait les exportations de produits non transformés ont tendance à augmenter proportionnelle-

ment. Cette vaste gamme de matières premières canadiennes offre des possibilités intéressantes.

Le Canada a l'intention de transformer de plus en plus ses ressources naturelles avant de les exporter, lorsque cette transformation sera concurrentielle au niveau international et qu'elle sera compatible avec le développement d'une saine structure industrielle. C'est là un de ses principaux objectifs industriels. Si les chances de valorisation des ressources naturelles se concrétisaient, cela représenterait de grands avantages économiques directs, soit l'augmentation des revenus et de l'emploi. De plus, la transformation des matériaux fournirait un tremplin à la fabrication de produits finis. Cette intégration consoliderait et diversifierait encore plus l'économie des régions qui comptent présentement davantage sur la production et l'exportation de matières premières.

Les provinces partagent avec le gouvernement fédéral la responsabilité de l'élaboration et de l'application d'une politique nationale visant à la transformation des matières premières avant l'exportation. Par conséquent, une telle politique nationale doit s'établir par le biais de la coopération entre les gouvernements fédéral et provinciaux et en étroite consultation avec l'industrie.

Dans l'optique d'une telle approche, il faut d'abord analyser à fond les produits, un par un, pour déterminer les secteurs et régions industriels appropriés à une transformation rentable des ressources. Le gouvernement fédéral propose d'inviter les provinces à la discussion de ces questions.

4. PROGRAMMES DU SECTEUR INDUSTRIEL

Le Ministère, en plus de ses politiques et programmes d'ordre général, élabore et applique des programmes et activités sectoriels particuliers ayant pour but de surmonter les contraintes et d'accentuer la compétitivité de secteurs particuliers. Ces initiatives d'envergure nationale ont beaucoup rapporté à l'industrie dans les diverses régions, du Canada, y compris les provinces de l'Ouest.

Les paragraphes suivants illustrent bien l'affinité des divers programmes et activités sectoriels du Ministère avec l'industrie de l'Ouest canadien et l'aide qu'ils continuent d'apporter à l'essor industriel.

Le matériel d'exploitation du pétrole et du gaz

L'industrie du matériel d'exploitation du pétrole et du gaz, implantée surtout dans l'Alberta, produit chaque année du matériel et des services d'une valeur de \$80 millions, et en exporte pour \$40 millions. Le Ministère aide en permanence cette industrie à découvrir et exploiter des débouchés à l'exportation. Parmi les succès récemment remportés avec l'aide du Ministère, figurent des ventes de matériel de production pétrolière au Moyen-Orient et en Afrique du Nord, des ventes à l'Inde de matériel d'exploitation du pétrole et du gaz sous le patronage de l'ACDI, des contrats d'inspection de la tuyauterie d'un projet de gazoduc en Australie et d'assistance au programme de forage d'une société gazière en Algérie.

En outre, l'Accord canado-soviétique de coopération dans le domaine des sciences et de la technologie devrait ouvrir des débouchés en U.R.S.S., pour le matériel et la technologie du pétrole. Aux termes de cet accord, des administrateurs de l'Ouest du Canada sont membres de groupes de travail mixtes sur l'industrie du pétrole et du gaz et ont pris part à de récentes visites en Union Soviétique. Ces groupes de travail sur le pétrole et le gaz ont identifié un grand nombre de domaines qui intéressent l'U.R.S.S. et qui constituent des débouchés pour les matériels et services canadiens.

Matériel d'exploitation forestière

Environ 70 p. cent de la production canadienne de l'équipement destiné aux scieries et aux usines de bois plaqué, de contreplaqué et d'aggloméré, est produit par les entreprises de Colombie-Britannique.

Des fabricants de matériel d'exploitation forestière de Colombie-Britannique fournissent actuellement, avec l'aide du Ministère, un très important effort pour former, entre eux, un consortium général (distinct de celui des pâtes et papiers), qui agirait en tant qu'organisme unique dans les adjudications internationales. Le groupe représentera également les fabricants auprès des gouvernements et organismes privés et servira de centre d'information à ses membres. Le projet d'exploitation forestière de l'État du Michoacan, au Mexique, sert de ballon d'essai au consortium. Jusqu'ici, un représentant du Ministère et un expert-conseil se sont rendus sur les lieux, au Mexique; une mission commerciale du Michoacan s'est rendue à Vancouver, invitée par le Ministère; des membres du consortium se sont rendus au Michoacan; et les autorités mexicaines ont invité officiellement une délégation du consortium à visiter le Mexique en août.

Le soufre

La surproduction de soufre préoccupe particulièrement l'Alberta. L'un des moyens de résoudre le problème à long terme est d'augmenter la demande de soufre en lui créant de nouvelles utilisations. Avec l'aide du Ministère a été formé le Sulphur Development Institute of Canada (SUDIC) qui est une entreprise à participation des producteurs de soufre, du gouvernement de l'Alberta et du gouvernement fédéral.

Le principal objectif du SUDIC est de promouvoir de nouvelles utilisations massives du soufre, en finançant, sur une base commune, des projets de développement dans le secteur privé. Le SUDIC centralisera et fera connaître les nouvelles techniques du soufre et deviendra le principal organisme de liaison avec les organismes similaires des autres pays. Le SUDIC reçoit actuellement une allocation globale de \$1 million par an.

La potasse

La Saskatchewan a un sérieux besoin d'obtenir de nouveaux marchés d'exportation pour la potasse. En réponse à ce besoin, le Ministère a entrepris des campagnes de publicité en Inde et en Chine, deux nouveaux marchés pour la

potasse canadienne. Il en a résulté que l'Inde est devenue un important acheteur de potasse dans le cadre de notre programme d'aide, ses achats atteignant \$6 millions par an. Après plusieurs années de négociation entre la Chine et les fonctionnaires du Ministère, le Canada a reçu une commande l'an passé, et doit fournir de la potasse pour une valeur de près de \$2 millions, soit la plus grosse commande de ce produit que la Chine ait jamais passée. Le Ministère continue de travailler en collaboration étroite avec Campotex, la branche exportatrice de l'industrie de la potasse, dans le but d'augmenter encore les exportations de cet important produit de la Saskatchewan.

Produits forestiers

Le ministère de l'Industrie et du Commerce, en collaboration avec le Conseil des produits forestiers et le gouvernement de la Colombie-Britannique, offre un appui financier et humain au Programme coopératif pour l'expansion des marchés étrangers, mis sur pied en 1971 pour encourager le développement industriel au moyen de l'expansion des marchés du bois d'œuvre résineux et de contreplaqués. Deux missions envoyées par le gouvernement fédéral au Japon ont repéré un gros marché potentiel pour le bois d'œuvre, les contreplaqués et autres produits, marché qui s'explique par le besoin d'habitations supplémentaires dans ce pays. Il s'en est suivi un certain nombre d'échanges techniques, y compris une mission de représentants japonais de l'habitation, venue au Canada en mars 1972 sur l'invitation du Ministère. Le Ministère a également participé à des colloques techniques présentés au Japon par le Conseil des produits forestiers à l'intention de fonctionnaires du gouvernement et des constructeurs d'habitations japonais et il aide à la construction de trois maisons types à Tokyo. On projette actuellement de donner un caractère plus officiel à ces discussions en instituant un Comité conjoint de l'habitation Canada-Japon, dont le coprésident canadien serait un dirigeant de la Société centrale d'hypothèques et de logement.

Industrie automobile

L'Accord canado-américain sur l'automobile de 1965 a aidé considérablement l'Ouest canadien, comme en fait foi la croissance des industries de l'autobus et du camion dans cette région. Les deux tiers des constructeurs canadiens de poids lourds et d'autobus sont implantés dans l'Ouest et tous produisent dans le cadre de l'Accord sur l'automobile. Le taux de croissance de la production et de l'emploi dans ce secteur est deux fois plus élevé que dans l'ensemble de l'industrie automobile canadienne.

Le Manitoba est devenu une région importante pour la construction d'autobus et de châssis d'autobus urbains, les cars et les autobus scolaires. Aux termes de l'Accord sur l'automobile, la majeure partie de la production d'autobus dans cette province est destinée à l'exportation, surtout aux États-Unis. Depuis la conclusion de l'Accord, les constructeurs d'autobus manitobains ont augmenté leur niveau d'emploi à plus de 1,500 employés en 1972, soit une hausse de 133 p. cent. Au cours de la même période, de nouveaux

investissements d'importance ont multiplié par huit la production qui est passée à près de \$20 millions par année.

La majeure partie de la production de l'industrie canadienne de poids lourds de chantier à chenilles se trouve en Alberta. Depuis 1965, les firmes de cette industrie exportent en franchise leurs produits aux États-Unis en vertu de l'Accord sur l'automobile. Le gouvernement a également encouragé activement ce secteur depuis nombre d'années au moyen de subventions à l'expansion et de crédits à l'exportation. La production et l'emploi ont augmenté de plus de 300 p. cent depuis 1965.

L'industrie canadienne des poids lourds de route et de chantier est concentrée en Colombie-Britannique. Le secteur des camions d'exploitation forestière de cette industrie, en particulier, s'est forgé la réputation de construire quelques-uns des meilleurs camions du monde. L'industrie a multiplié par six sa production qui est passée d'environ \$12 millions en 1964 à \$75 millions en 1972.

Programme de la machinerie

Le Programme de la machinerie, dont les débuts remontent à janvier 1968, a pour objet principal de permettre à l'industrie canadienne de la machinerie de bénéficier du tarif sans imposer un fardeau aux usagers canadiens de la machinerie qui n'est pas produite au Canada. Depuis le commencement du programme, on estime à \$68.2 millions les droits de douane qui ont été remis aux compagnies de l'Ouest canadien. Elles auraient donc réalisé des économies nettes à l'achat de machinerie et de matériel perfectionnés destinés à moderniser ou à agrandir leurs installations.

En 1971, les dispositions du Programme de la machinerie sont devenues applicables aux importations de machinerie destinée à être utilisée dans les scieries et l'exploitation forestière. Cette nouvelle disposition tarifaire a fait suite à de nombreuses protestations provenant des industries de l'Ouest canadien, qui demandaient que des mesures soient prises pour réduire les coûts en capital supportés par les usagers de machinerie dans les industries forestières, afin d'améliorer leur position concurrentielle sur les marchés internationaux. Depuis l'introduction de cette disposition, des remises de droits de douane ont été autorisées à l'égard de l'importation projetée de quelque 13,600 machines d'une valeur estimative de \$135 millions.

Industries maritimes

L'industrie de l'exploitation des océans est une activité nouvelle et en pleine croissance qui s'occupe surtout de produire du matériel et des services marins destinés à l'exploration et à l'exploitation des ressources sous-marines. Le Ministère a veillé à conseiller et à orienter plusieurs firmes dans l'Ouest canadien, particulièrement en Alberta et en Colombie-Britannique, en ce qui a trait aux possibilités de marchés nationaux et internationaux pour ce genre de matériel et de services.

Dans le domaine de la production du matériel marin, l'industrie de la Côte ouest se compose de plusieurs petites compagnies qui commencent à profiter de l'aide à l'expansion

disponible en vertu de la Loi stimulant la recherche et le développement scientifiques et le Programme d'avancement de la technologie. Cette conscience accrue de l'aide disponible est le résultat de colloques et de visites organisés par le Ministère dans le but d'augmenter la quantité de matériel de fabrication canadienne utilisée dans la construction subventionnée de navires. Le grand nombre de petits navires utilisés sur la Côte ouest et un désir affirmé d'acheter localement présentent un terrain favorable à l'innovation.

5. DÉCENTRALISATION ET BUREAUX RÉGIONAUX

Pour assurer le bien-être national, les producteurs des diverses régions du Canada doivent participer aux possibilités qui se présentent en matière de production et d'exportation. Notre Ministère attache donc une grande importance au rôle que peuvent jouer ses bureaux régionaux en assurant la liaison avec les gouvernements provinciaux et les entreprises locales.

Dans l'Ouest canadien, les bureaux régionaux sont situés à Vancouver, Edmonton, Regina et Winnipeg et groupent environ 40 p. cent de l'effectif global des agents régionaux.

L'année dernière, nos agents régionaux de l'Ouest canadien ont organisé environ vingt missions commerciales à l'étranger et ont accueilli un nombre près de quatre fois plus élevé de visiteurs à la recherche de possibilités d'affaires ou d'investissements éventuels dans l'Ouest. Nos agents régionaux encouragent les entreprises de cette région à s'intéresser à l'exportation et, chaque année, quelque 300 entreprises de l'Ouest figurent au « Répertoire des exportateurs » de notre Ministère, dont le but principal est de faire connaître aux acheteurs éventuels les sources possibles d'approvisionnement. Notre Ministère, par l'intermédiaire de ses bureaux régionaux de l'Ouest, tente présentement de rejoindre tous ceux qui pourraient bénéficier de ses services.

En dépit de ces efforts, il y a encore beaucoup d'hommes d'affaires qui ne sont pas pleinement conscients de toute l'aide qui leur est offerte. Notre Ministère reconnaît qu'il devra fournir un effort important s'il veut atteindre un grand nombre des entreprises moyennes ou petites. A cette fin, on augmentera les ressources des bureaux régionaux afin qu'ils puissent parfaitement remplir leur rôle de point de rencontre sur des questions d'intérêt entre notre Ministère et les gouvernements provinciaux, ainsi que les entreprises de leur région. En collaboration avec les gouvernements provinciaux et les entreprises, notre Ministère a organisé une série de colloques de portée générale visant à faire connaître aux intéressés les divers programmes offerts. Des sessions de ce genre ont eu lieu au cours du dernier trimestre de 1972 à Winnipeg, Vancouver et Kelowna et, en mai 1973, à Regina et Saskatoon. D'autres auront lieu l'automne prochain à Edmonton et Calgary. Dans chaque cas, de hauts fonctionnaires d'Ottawa vont expliquer les programmes et les services offerts et répondre aux questions. Suivent des entrevues personnelles entre

les hommes d'affaires et les agents du Ministère. Une innovation très réussie a caractérisé les récentes réunions. Il s'agit de la participation à ces rencontres de représentants d'autres ministères et d'organisme fédéraux, tels le ministère de la Main-d'œuvre, la Banque d'expansion industrielle et le ministère de l'Expansion économique régionale. Leur participation permet aux hommes d'affaires de bénéficier d'un colloque qui les renseigne sur tous les aspects de l'aide fédérale aux hommes d'affaires.

6. DESIGN INDUSTRIEL

Comme l'on met de plus en plus l'accent sur l'expansion de l'industrie secondaire dans les quatre provinces, on se préoccupe de plus en plus des compétences en design et de l'esprit d'innovation. Les hommes d'affaires de l'Ouest ont fréquemment exprimé leur désir d'obtenir de l'aide pour sensibiliser davantage et de façon plus adéquate les industriels et les consommateurs au design.

Le gouvernement fédéral a accordé une certaine aide au design au Manitoba et à la Saskatchewan en parrainant des cours de gestion en design pendant une période de deux ans. Ces cours se sont révélés fructueux et ils seront maintenus et amplifiés. Le ministère de l'Industrie et du Commerce continue de sonder les méthodes et techniques pour sensibiliser l'industrie et les consommateurs au design.

7. MARCHÉS EXTÉRIEURS ET POLITIQUES COMMERCIALES

Les produits des provinces de l'Ouest ont joué de tout temps un rôle de premier plan dans le commerce d'exportation du Canada, tant avec les États-Unis qu'avec les pays d'outre-mer. L'Ouest fournit une part significative des exportations du Canada vers les États-Unis, dont la presque totalité des exportations importantes, telles que le pétrole brut (\$1 milliard), le gaz naturel (\$306 millions) et les engrais (\$131 millions), des quantités importantes de produits forestiers (\$1.5 milliard), de nickel (\$308 millions) et d'aluminium (\$247 millions) et une variété croissante de denrées agricoles et de produits fabriqués. En même temps, l'importance des exportations de l'Ouest canadien dans le commerce extérieur du Canada s'est accrue grâce à l'expansion et à l'ouverture des marchés à travers la région du Pacifique et l'Extrême-Orient.

L'essor du port de Vancouver reflète fidèlement la hausse des activités d'exportation dans tout l'Ouest canadien. Depuis dix ans, ce port est devenu le principal centre d'expédition au Canada si l'on s'en tient au critère du volume de marchandises qu'il manutentionne. L'an dernier, 15 navires ont chargé ou déchargé à Vancouver plus de 3 millions de tonnes de marchandises, en comparaison de quelque 20 millions de tonnes au port de Montréal. Depuis 1961, le volume des marchandises passant par Vancouver plus que doublé. Voilà un indice de l'expansion économique qu'ont connue pendant ces années la Colombie-britannique et les Prairies, qui forment l'arrière-pays du port de Vancouver.

L'accroissement du total des expéditions résulte en partie des hausses prononcées des grandes exportations traditionnelles, telles que le blé, l'orge, le bois de construction et les grumes. Par exemple, les exportations de blé ont dépassé 5 millions de tonnes en 1972; elles ont grimpé de 39 p. cent depuis 1961. Signalons l'effet économique tout aussi important de la montée de Vancouver comme principal port d'exportation pour diverses denrées dont la production a atteint des niveaux élevés dans l'Ouest canadien au cours de la dernière décennie, entre autres la pâte de bois et le papier journal, ainsi que la production massive du charbon, de la potasse, du soufre et du cuivre.

Un examen des exportations canadiennes vers les autres pays du pourtour du Pacifique fait ressortir l'importance des marchés d'exportation pour les produits de l'Ouest canadien.

—Les exportations vers le Japon ont atteint \$958 millions en 1972 et dépasseraient le milliard cette année.

Bon nombre des produits qui constituent ce total proviennent en grande partie des provinces de l'Ouest, par exemple le charbon (\$104 millions), le blé (\$87 millions), la graine de colza (\$70 millions), le bois de construction (\$55 millions).

—En 1972, les exportations vers la Chine étaient évaluées à \$259 millions. Si le blé forme actuellement le gros de ces expéditions, il y a tout lieu de croire à la diversification de ce commerce.

—L'Australie et la Nouvelle-Zélande, marchés croissants, présentent un grand potentiel non seulement pour le bois et les produits agricoles de l'Ouest canadien, mais aussi pour un grand nombre de produits manufacturés qu'on fabrique ou qu'on pourrait fabriquer dans cette région.

Un facteur important de l'augmentation des exportations de biens et services de l'Ouest canadien a été l'aide apportée par la Société pour l'expansion des exportations, au moyen de l'assurance de crédits à l'exportation et du financement à long terme de l'exportation. Le but de la Société est de procurer des formes d'aide tout-à-fait comparables à celles que fournissent les autres pays industrialisés à leurs exportateurs. Les exportateurs canadiens, dont les biens et services sont pleinement concurrentiels en matière de prix, de qualité et de conditions de vente, ne devraient pas perdre de ventes en raison d'une absence de financement ou de crédits à l'exportation appropriés.

En matière d'assurance de crédits à l'exportation, destinée à procurer des crédits à l'exportation à court et à moyen terme (jusqu'à cinq ans), lorsque le besoin s'en fait sentir, le nombre de polices prises à l'intention des producteurs de l'Ouest canadien, au 31 mars 1973, était de 278; la Société y avait un engagement maximum de \$74 millions. Les produits bénéficiant de ces mesures allaient des vêtements pour hommes, de la chaussure et des produits forestiers, à l'équipement électrique et électronique et aux avions et pièces d'avions. La Société est prête à considérer l'application de l'assurance de crédits à l'exportation à tous les produits canadiens, industriels et agricoles, lorsqu'un tel crédit est nécessaire à la conclusion d'une transaction en matière d'exportation avec des clients solvables.

Le financement à long terme (plus de cinq ans) est devenu un élément de plus en plus important pour ce qui est du commerce international d'équipement majeur et de certains des services (e.g. services de consultants en engineering) nécessaires en de tels cas. La Société administre un programme de financement à long terme de telles exportations du Canada conçu de façon à être comparable à ceux qu'offrent les autres pays développés. Au cours de la période allant de 1969 à 1972, la Société pour l'expansion des exportations a fourni environ \$1 milliard en crédits à l'acheteur dans le but d'encourager les ventes du Canada. Environ \$110 millions ainsi consacrés le furent en rapport avec les transactions menées par des sociétés de l'Ouest du Canada. Ces ventes comprenaient des véhicules tout-terrain, de l'équipement minier, des services d'engineering et de surveillance, des moulins de pulpe et de l'équipement pour moulins de pulpe, des usines chimiques, et de l'équipement et services de télécommunication.

Parallèlement à ses activités en matière de crédits à l'exportation, la Société en révisant ses pratiques de financement à long terme, a procédé et continuera à procéder à des améliorations. Une de ces améliorations est l'offre de lignes de crédits à long terme, lorsqu'une enquête soigneuse démontre que les pays vers lesquels il est question d'exporter ont de bons clients immédiats de biens et services canadiens importants. L'exemple le plus récent d'une telle mesure est l'Algérie, où la Société a agi en accordant une ligne de crédit de \$100 millions. Une autre innovation, présentement mise au point, est la proposition d'instituer un programme de relance de prêts en collaboration avec des institutions de l'extérieur soigneusement choisies. Ces changements devraient avoir comme résultat de rendre le financement à long terme plus facilement disponible pour le petit exportateur canadien. Afin de fournir les services nécessaires aux exportateurs de l'Ouest canadien, la Société possède un bureau régional à Vancouver.

Le premier objectif de la politique commerciale du Canada est toujours de négocier un meilleur accès aux marchés étrangers pour les produits de toutes les régions de notre pays. Ces efforts ne visent pas seulement les richesses naturelles qui ont jusqu'ici étayé notre position commerciale, mais aussi les richesses naturelles et les articles manufacturés qui permettront à l'avenir l'établissement d'industries de fabrication et de transformation dans l'Ouest canadien dont la base économique sera ainsi diversifiée.

Les prochaines négociations commerciales multilatérales, dans le cadre du GATT, qui doivent débiter par une réunion de ministres à Tokyo, en septembre, assureront le mécanisme grâce auquel les entraves au commerce, tarifaires et non tarifaires, seront considérablement réduites ou même éliminées. Le succès de ces négociations entraînera des effets bénéfiques pour les produits de l'Ouest canadien et de tout le pays.

Dans le domaine de l'agriculture, les négociations du GATT porteront probablement sur les cas où les subventions aux exportations, l'aide nationale et les politiques de production deviennent des causes artificielles de surplus de production qui bouleversent le commerce international. On prévoit que les négociations auront une importance

particulière pour les producteurs de grain et de graines oléagineuses de l'Ouest canadien qui relèvent le défi de la concurrence internationale et se tournent vers l'exportation, et pour les éleveurs dont les entreprises dépendent grandement des ventes de bétail d'élevage sur le marché des États-Unis.

La politique commerciale des États-Unis a été fortement influencée depuis août 1971 par la situation nationale de la balance des paiements en général et, en particulier, par la balance commerciale déficitaire du pays. Cette préoccupation a amené nos voisins non seulement à prendre des initiatives en vue de négociations commerciales et de réformes monétaires à l'échelle mondiale, initiatives que nous avons accueillies favorablement, mais aussi à renforcer leurs mesures douanières, et à insister auprès de leurs partenaires commerciaux pour que ceux-ci contribuent à l'amélioration de la position américaine. Certains signes permettent toutefois de croire que notre pays a pu faire comprendre quelque peu aux États-Unis que le Canada ne pouvait être tenu responsable de leur problème de balance des paiements. Certains problèmes bilatéraux demeurent, bien sûr, et nous avons fait connaître notre consentement à les examiner séparément. Notre commerce avec les États-Unis croît néanmoins rapidement, ayant dépassé de 17 pour cent le niveau atteint au premier trimestre l'an dernier. En outre les deux pays sont conscients des perspectives prometteuses des prochaines négociations commerciales multilatérales. Nous croyons que les mesures prises des deux côtés de la frontière permettront un meilleur accès des exportations canadiennes non seulement au marché américain mais aussi à d'autres marchés importants pour les producteurs de l'Ouest.

Les efforts canadiens viseront également à l'obtention d'un meilleur accès pour les ressources naturelles transformées. Les tarifs des nations consommatrices de richesses naturelles sont ordinairement structurés de façon à faciliter l'importation de matières premières à des taux de douane minimes ou nuls, tout en soumettant les produits plus transformés à des taux progressivement plus élevés. Les représentants canadiens au sein du GATT ont déjà proposé qu'en plus de considérer d'autres techniques de réduction des entraves au commerce, on envisage d'éliminer toutes les barrières tarifaires et non tarifaires dans les secteurs manufacturiers intégrés verticalement, par exemple, du minerai au produit de métal. Les négociations seront particulièrement pertinentes pour un certain nombre de domaines intéressant les producteurs de l'Ouest: produits du bois, pâtes et papiers, cuivre, nickel, plomb, zinc, aluminium et produits pétrochimiques. Le succès des négociations du GATT sur ces produits contribuerait considérablement à la diversification de la base industrielle de l'Ouest canadien.

Les ministres fédéraux seraient heureux de recevoir l'avis des gouvernements provinciaux sur les prochaines négociations du GATT et, en particulier, sur les consultations entre les autorités fédérales et provinciales au sujet de ces pourparlers.

Dans son discours à l'Association des manufacturiers canadiens, le 5 juin, le ministre de l'Industrie et du com-

merce annonçait un projet de mécanisme officiel de consultation où les provinces, et les autres parties intéressées, pourraient faire connaître leurs points de vue sur les négociations. Le ministre exprimait son espoir de voir la formation, peu après la réunion de septembre des ministres du GATT, du Comité canadien du commerce et du tarif.

Les provinces de l'Ouest ont manifesté le désir qu'on les consulte en ce qui a trait aux négociations commerciales. D'après le gouvernement fédéral, un mode de consultation en sus de celui du Comité canadien du commerce et du tarif s'impose pour répondre à cette demande et, en fait, pour refléter l'importance d'un tel sujet pour le Canada en général et pour toutes les provinces. Par conséquent, le ministre de l'Industrie et du commerce a l'intention d'obtenir les opinions de ses homologues provinciaux quant au mécanisme de consultation approprié.

Le gouvernement fédéral a récemment pris plusieurs autres initiatives commerciales qui avantageront assurément les provinces de l'Ouest. Il convient de mentionner en particulier:

—Depuis le début des relations diplomatiques avec la Chine, en 1970, le gouvernement canadien a pris part à nombre de promotions, qui ont donné lieu à de nouvelles possibilités d'exportation pour les produits de l'Ouest canadien. Par exemple, on a présenté les produits et équipements de plus de deux cent sociétés dont 54 établies dans l'Ouest canadien lors d'une exposition commerciale canadienne tenue à Pékin en 1972. De plus, le Canada et la Chine ont signé dernièrement un accord sur le transport aérien en faveur de la société CP Air. Nous sommes assurés aussi que la Chine s'adressera au Canada d'abord pour ses importations de blé; c'est là un des avantages de nos nouvelles relations commerciales avec ce pays.

—Présentement dans le cadre des négociations pour des accords commerciaux bilatéraux avec l'Australie et la Nouvelle-Zélande, la Canada cherche à maintenir les tarifs préférentiels dont bénéficient actuellement les produits canadiens sur ces marchés respectifs. De plus, les conditions semblent propices à l'expansion des ventes dans ces pays et on étudie présentement la possibilité d'y envoyer une mission commerciale à un échelon élevé.

—Afin de pouvoir profiter des mesures de libéralisation commerciale du Japon, le gouvernement fédéral fait un travail de promotion considérable, spécialement dans le domaine des produits semi-finis et finis.

8. AIDE À L'INDUSTRIE TOURISTIQUE

Le ministère de l'Industrie et du Commerce a mis un accent particulier sur l'expansion de l'industrie touristique. Dans l'Ouest du Canada, les touristes étrangers ont dépensé \$248 millions en 1971.

Les provinces de l'Ouest possèdent un grand nombre de lieux et de plans d'eau favorables aux loisirs, bien que, dans

certaines régions, la demande commence à dépasser la capacité des ressources et des installations existantes. Une planification, une mise en valeur et une promotion adéquates devraient permettre à l'industrie touristique de l'Ouest de doubler sa capacité durant la décennie à venir.

A condition d'investir suffisamment dans les installations et la promotion, le tourisme est en mesure de permettre la création d'emplois toujours plus nombreux et de faire un apport précieux à l'économie des quatre provinces occidentales. On n'atteindra cependant pas cet objectif sans une planification plus soignée. Il faudra analyser des facteurs comme les ressources potentielles, les installations existantes, les tendances actuelles et futures de la demande, pour connaître les nouvelles ressources à mettre en valeur, les possibilités d'agrandissement des installations actuelles, déterminer le lieu et l'importance des capacités inutilisées et la nature des efforts de commercialisation qui s'imposent. On pourrait examiner les chances de succès d'un programme de commercialisation destiné à résoudre le problème saisonnier actuel. Aux termes du Programme de développement de l'industrie touristique, lancé en août 1972 par le gouvernement, toutes les provinces de l'Ouest bénéficient maintenant d'une aide financière pour la formulation de plans de développement touristique.

La constante pénurie en personnel qualifié est un obstacle majeur au développement d'une industrie touristique viable. Le gouvernement fédéral admet que le problème n'est pas moindre dans les provinces de l'Ouest; il est prêt à discuter avec elles de la manière dont la Direction générale du tourisme du ministère ou l'expérience en matière de formation du ministère de la Main-d'œuvre et de l'Immigration pourraient contribuer à résoudre le problème. La difficulté résultant en partie du manque d'installations de formation adéquates, on pourrait envisager la création, dans l'Ouest du Canada, d'un institut touristique où l'on formerait des instructeurs qui pourraient ensuite, à leur tour, enseigner dans d'autres établissements de la région.

9. POLITIQUE DE L'INVESTISSEMENT ÉTRANGER

Le gouvernement fédéral est convaincu qu'une politique efficace sur l'investissement direct de l'étranger avantagera les Canadiens. Des politiques provinciales distinctes freineraient la production et amèneraient les provinces à se concurrencer pour l'obtention des investissements étrangers, ce qui serait plutôt au désavantage du Canada.

Toutefois, la plupart des provinces désirent clairement que l'on tienne suffisamment compte de leur point de vue et que le mécanisme de consultation sur les transactions déterminées fonctionne étroitement et efficacement. Le gouvernement fédéral voit ces aspirations d'un très bon œil et est disposé à leur faire droit.

La loi prévoit que la procédure d'examen doit tenir compte des objectifs économiques déclarés des provinces. On ne saurait trop souligner que l'objet de ces formalités n'est pas avant tout d'arrêter l'investissement étranger, mais

plutôt d'en tirer des avantages accrus. Par exemple, la procédure d'examen sera l'un des moyens à notre disposition pour favoriser une meilleure utilisation de nos ressources et un accroissement de l'industrie manufacturière.

Le gouvernement fédéral s'est engagé à consulter toutes les provinces avant de publier les dispositions du projet de loi sur les nouvelles entreprises et désire particulièrement discuter de la mise au point d'un mécanisme efficace de consultation au sujet des investissements particuliers. Il est possible, par exemple, que chaque gouvernement provincial désigne un ministre et au moins un haut fonctionnaire comme participants permanents à la consultation. La loi autorise le gouvernement fédéral à renseigner confidentiellement les provinces sur les investissements proposés et, sur ce point comme à tous les autres égards, il

fera tout en son possible pour que les consultations fédérales-provinciales soient amicales et utiles.

CONCLUSION

Il ressort clairement de ce qui précède que les objectifs et les programmes du gouvernement fédéral visant le développement industriel ont aidé les provinces de l'Ouest à implanter une base industrielle diversifiée qui a de fortes possibilités de croissance. Nous reconnaissons que beaucoup de programmes et services fédéraux ont besoin d'une amélioration sensible et l'on a commencé des études destinées à trouver les moyens de les rendre plus appropriés aux besoins des provinces de l'Ouest.

TRANSFORMATION DES MATIÈRES PREMIÈRES DESTINÉES À L'EXPORTATION

Document présenté par le gouvernement du Canada

Ce document résume quelques considérations relatives à la transformation des produits tirés des richesses naturelles du Canada avant leur exportation. Il se fonde sur des études réalisées par une équipe interministérielle du gouvernement fédéral appelée «Groupe des ressources commerciales».

POSSIBILITÉS

Le Canada a des possibilités d'accroître le degré de transformation des ressources naturelles avant l'exportation. D'ici dix ans, les principaux pays industrialisés du monde auront besoin d'un surcroît de matières premières. Le Canada, dont les ressources sont parmi les plus variées et les meilleures au monde, sera appelé à combler une grande part de ces nouveaux besoins. Au cours des années 1970, le volume des exportations canadiennes de nombreuses matières premières devrait doubler. Or, il faudra quelque part dans le monde, des capitaux, de la main-d'œuvre et du matériel pour transformer par étapes ces ressources canadiennes en biens de consommation. La question qui se pose est de savoir si le Canada retirera une part des avantages économiques et sociaux que représente la valeur ajoutée à ces ressources.

Les projections de la demande mondiale de ressources naturelles montrent qu'elle augmentera à vive allure au cours des dix prochaines années. En général, ces projections sont fondées sur le rapport étroit entre l'accroissement des indicateurs du rendement économique tels que le PIB et la production industrielle d'une part et l'accroissement de la demande de produits tirés des matières premières d'autre part. Une récente projection de l'OCDE qui situe entre 65 et 70 p. 100 la hausse globale des produits nationaux bruts de ses pays membres entre 1970 et 1980 suggère l'ordre de grandeur de l'accroissement à réaliser dans la production des ressources naturelles pour répondre à la demande des pays industrialisés. La hausse de 80 p. 100 que doit accusé selon les prévisions la consommation de papier et de carton au cours de cette décennie dans les pays de l'OCDE est un exemple typique du potentiel d'expansion des produits tirés des ressources naturelles.

Pour combler ces besoins, la plupart des pays industrialisés devront compter de plus en plus sur des sources extérieures de matières premières. Pour la plupart, les grands pays consommateurs disposent de ressources insuffisantes, soit par suite du manque de richesses naturelles soit à cause de leur taux de consommation traditionnelle-

ment élevé. Ils devront donc parer aux déficits futurs en accroissant leurs importations. Par exemple, la production de minéraux métalliques des États-Unis en 1970 atteignait 68 p. 100 de la demande nationale; les prévisions indiquent que d'ici 1985, seulement 42 p. 100 des matières requises seront produites à l'intérieur du pays. Déjà, le Japon importe 90 p. 100 de ses besoins en minéraux. On prévoit pour d'autres produits une insuffisance comparable. Par exemple, les États-Unis devront importer d'ici 1980, 1,2 million de tonnes de bœuf.

Ces produits devront venir des pays riches en ressources, dont le Canada, car sans ces matières, les pays industrialisés subiront de graves contraintes économiques. Les études des politiques d'importation de la CEE, du Japon et des États-Unis montrent qu'il est extrêmement important de pouvoir compter sur une source sûre d'approvisionnement de matières premières. Le grand souci des nations dont l'approvisionnement en ressources est incertain devient un avantage pour d'autres pays tels que le Canada, qui peuvent offrir la sécurité d'un système politique stable et d'un contexte industriel, commercial et financier évolué.

La nature et la situation privilégiées des ressources du Canada, en plus de son équilibre économique et politique, ont permis à notre pays de devenir un grand fournisseur mondial de matières premières. Ainsi, depuis quelques années, 54 p. 100 du nickel, 45 p. 100 du zinc, 70 p. 100 de l'amiante et 11 p. 100 du cuivre échangés sur les marchés du monde sont d'origine canadienne.

La production minérale du Canada, stimulée par l'accroissement de la demande nationale et étrangère, est appelée à augmenter considérablement au cours des années 1970. D'après une prévision de la production minière en 1980 fondée sur les nouvelles opérations annoncées et projetées (voir appendice I), la production de cuivre augmenterait de 81 p. 100, celle du minerai de fer de 61 p. 100, celle du plomb de 23 p. 100, celle du nickel de 30 p. 100 et celle du zinc de 55 p. 100 par rapport à la production réelle de 1970.

Cependant, le rôle du Canada dans le traitement de ces ressources naturelles est en voie d'érosion. L'appendice II démontre, pour trois denrées minérales dont le marché est en pleine expansion, la déchéance probable du rôle canadien de transformateur à défaut de mesure corrective de la part du gouvernement. Jusqu'ici, une proportion importante de nos ressources minérales était complètement traitée avant l'exportation. Cependant, depuis 1950 et surtout ces dernières années, une plus grande part de la production minérale a été exportée sous la forme la moins ouvrée. En effet, l'augmentation absolue de la capacité de transformation depuis vingt ans semble davantage reliée à l'expansion du marché national qu'aux taux d'accroissement de la demande mondiale. Ce phénomène n'est pas restreint au secteur minéral; l'absence d'une initiative bien définie à caractère de politique pourrait entraîner un déficit de bœuf de première qualité (transformation plus poussée des graines fourragères) qui atteindrait d'ici 1980 un million de têtes de bétail. Il semble donc que le Canada ait une bonne possibilité de réévaluer son rôle de fournisseur de matières premières et de transformer une plus large part de ses ressources avant l'exportation.

LES AVANTAGES

Les études entreprises par le Groupe des ressources commerciales comportaient deux expériences connexes en vue d'évaluer les avantages économiques éventuels de la transformation avant l'exportation. Dans le premier cas, un relevé initial d'une gamme étendue de produits a été suivi d'une étude plus intensive des produits du secteur minéral (cuivre, nickel, plomb et zinc, aluminium, minerai de fer, acier et amiante), du secteur forestier (pâte et papier), et du secteur agricole (bœuf et porc). Une des principales conclusions émanant de ce travail est qu'un ensemble unique de conditions et de contraintes économiques entourent la transformation et la mise en vente de chaque produit et partant, que la réalisation des objectifs de la transformation avant l'exportation dépend nécessairement d'une analyse approfondie de chaque produit. On a conclu par ailleurs que pour bon nombre des produits étudiés, il y aura occasion d'augmenter considérablement la valeur ajoutée des produits avant l'exportation. Dans bien des cas, et notamment la fonte et l'affinage du plomb, du zinc et du cuivre, la mise en boulettes du minerai de fer, la fabrication de produits d'amiante, la production des alliages de nickel et la production de viande de bœuf, on estime que les possibilités justifient une nouvelle analyse en profondeur.

La deuxième expérience destinée à relever les avantages économiques éventuels comportait l'emploi du modèle économétrique «CANDIDE»: il s'agissait de mesurer les répercussions que pourrait avoir sur l'ensemble de l'économie la transformation avant l'exportation. On s'est servi du modèle CANDIDE pour simuler ces répercussions sur l'économie canadienne d'ici 1980, dans l'hypothèse où le surcroît prévu des exportations d'un certain nombre de secteurs-clés (c'est-à-dire les exportations dépassant les niveaux annuels de 1970) serait transformé davantage au Canada avant l'exportation. Pour les secteurs-clés choisis—minerais non ferreux et concentrés, minerai de fer et pâte

de bois, le surcroît d'exportations de minerais et de concentrés non ferreux a été converti en métaux affinés, celui des concentrés de minerai de fer, en des boulettes de minerai de fer, et celui de la pâte de bois, en papier. En plus, on a supposé que l'industrie canadienne du bœuf pouvait s'agrandir au point de déplacer toutes les importations prévues pour 1980 et exporter de grandes quantités de bovins.

En évaluant le résultat de la simulation, il faut se rappeler qu'aucun modèle économétrique ne peut prétendre saisir toutes les interdépendances qui résultent d'un changement de la politique gouvernementale, bien que le CANDIDE constitue un net progrès à cet égard. Du reste, il faut interpréter les chiffres avec prudence puisque la simulation a été conçue à partir des meilleurs résultats que l'on puisse escompter de la participation du gouvernement au chapitre de la transformation avant l'exportation. Les ordres de grandeur intégrés au modèle étaient élevés et n'étaient pas censés constituer des objectifs pour la transformation avant l'exportation. Les résultats de la simulation et des remarques sur les limites du modèle CANDIDE figurent à l'appendice III.

Le principal avantage d'une telle simulation est de situer dans le contexte global de l'économie le sens de l'évolution économique qu'entraîne l'hypothèse d'une transformation plus poussée avant l'exportation. Dans ce cas, le revenu disponible par habitant, la production par employé, le nombre des emplois et le taux d'inflation ont augmenté; par ailleurs, le taux de chômage a baissé. La hausse accumulée des investissements pendant la période en question a été plus ou moins compensée par une hausse accumulée de l'épargne personnelle, ce qui indique que cette épargne, ainsi que le capital produit par les sociétés canadiennes à même les bénéfices non distribués et l'amortissement, suffisaient effectivement à parer au besoin d'apports nets de capitaux.

En plus de l'impulsion économique ici décrite, l'établissement d'usines de transformation orientées vers l'exportation devrait constituer un progrès important, peut-être essentiel, vers la réalisation d'une structure industrielle efficace et diversifiée. La description précédente de l'impulsion économique est fondée sur l'exportation simulée de ressources naturelles dont la transformation serait plus avancée, mais dans la majorité des activités simulées, la transformation n'a pas été poussée jusqu'aux produits finis. Si l'on n'établissait des usines de transformation qu'au moment où elles sont rentables, elles pourraient être le moyen de transmettre à notre secteur manufacturier l'avantage relatif qui distingue les richesses naturelles du Canada. Plus précisément, en poussant la transformation des ressources avant l'exportation, on pourrait faciliter l'intégration qui préside à la fabrication des produits finis au Canada:

- a) en fournissant à des prix compétitifs les matières premières requises par les fabricants;
- b) en permettant aux sociétés canadiennes de se rapprocher du marché des produits finis, ce qui les rendrait plus aptes à élaborer et à fabriquer des produits pour ces marchés et à s'adapter rapidement et originalement à l'évolution des marchés;
- c) en apportant une fonction de plus dans l'intégration verticale des industries de transformation des res-

sources, ce qui rendrait l'infrastructure industrielle du Canada plus attrayante à des fonctions gestionnaires plus mobiles, telles que la recherche et le développement, le design, la technogénie et les cadres administratifs.

Il convient de souligner que la réalisation d'une telle intégration doit s'appuyer sur des politiques complémentaires ayant pour but d'assurer que les prix de matières transformées f. à b. à l'usine ne soient pas plus élevés pour les fabricants canadiens que pour leurs homologues étrangers.

Par ailleurs, le traitement avant l'exportation devrait faciliter l'avènement d'entreprises multinationales qui appartiennent à des Canadiens et soient contrôlées par eux. Un certain nombre de sociétés appartenant à des intérêts canadiens sont en bonne position dans le domaine de nos industries primaires. Les sociétés étrangères pourraient sensiblement améliorer la sécurité de leurs approvisionnements en matières premières en formant avec ces sociétés canadiennes des entreprises à participation. Celles-ci pourraient comporter, par exemple, la transformation et la fabrication au Canada des produits de grande série et la fabrication à l'étranger des produits destinés aux marchés locaux. Les sociétés étrangères seraient responsables de la mise en vente des produits transformés et fabriqués au Canada en grande série. Il importerait aux sociétés canadiennes de conserver la haute main sur les opérations établies au Canada.

LES CONTRAINTES

L'examen individuel des produits a montré que les barrières commerciales sont les principaux moyens qui permettent à la CEE, au Japon et aux États-Unis d'acquiescer une très large part des avantages de la transformation. Les tarifs de la CEE, du Japon et des États-Unis sont en général structurés de façon à laisser entrer en franchise les matières premières et à prélever des droits qui augmentent progressivement selon le degré de transformation. Dans certains cas, les tarifs sont renforcés par des barrières non-tarifaires telles que les subventions à la production, les formes et les programmes d'achat des gouvernements. Souvent, les barrières en soi seraient surmontables, mais leur association à d'autres contraintes en fait des obstacles insurmontables. L'appendice IV est un sommaire des droits douaniers qui s'appliquent à un certain nombre de matières premières.

Les lignes de conduite concernant l'emplacement des établissements industriels semblent souvent poser des obstacles à l'expansion des activités de transformation au Canada. Les fabricants étrangers qui dépendent des ressources canadiennes ont tendance à concentrer autant que possible la transformation des produits dans leur pays d'insister pour que leur gouvernement confère à ces opérations une protection tarifaire ou non-tarifaire. Il semble, par exemple, que ces lignes de conduite aient entravé l'expansion des établissements de fabrication de produits d'amiante et de production d'alliages de nickel.

OBJECTIF

Une politique sur la transformation avant l'exportation devrait viser à transformer l'excédent de nos ressources naturelles avant l'exportation chaque fois que cette opération est rentable sur le plan international et compatible avec la mise en place d'une structure industrielle saine. Par ailleurs, il faudrait veiller à ce que les ressources naturelles du pays soient disponibles sur les marchés intérieurs à des prix compétitifs.

Pour être efficace, cette politique avoir les trois particularités suivantes:

- a) avoir une portée générale et englober les secteurs de l'agriculture, de la pêche, des forêts et des mines;
- b) être souple et s'appliquer de façon sélective à chaque produit. Chaque produit a ses possibilités et ses limites. Il s'agirait de les examiner un à un pour s'assurer que seules les opérations de transformation qui sont compétitives sur le plan international et compatibles avec une saine structure industrielle y trouvent leur compte. L'accès du gouvernement à l'information sur les produits serait essentiel à l'application souple et sélective de cette politique;
- c) résulter d'un effort commun de la part des gouvernements fédéral et provinciaux. Les provinces doivent avoir leur mot à dire étant donné qu'elles ont des compétences aux chapitres des ressources naturelles, de l'impôt, de la propriété et des droits civils et une certaine expérience relativement à l'application d'un large éventail de politiques touchant à la transformation avant l'exportation, qu'il s'agisse des consultations avec l'industrie ou de diverses mesures législatives. Le gouvernement fédéral a un rôle important à jouer parce qu'il a le pouvoir de réglementer le commerce intérieur et extérieur, parce que les richesses naturelles sont disséminées sur l'ensemble du territoire, et parce qu'il peut «mobiliser» tout le pouvoir de négociation nécessaire lorsqu'il faut traiter avec les gouvernements étrangers.

RÉALISATION DE L'OBJECTIF

Voici quelques exemples illustrant les moyens qui sont à la portée du gouvernement fédéral pour réaliser l'objectif d'une transformation plus poussée des produits avant l'exportation:

a) Négociations commerciales:

La nouvelle série de négociations commerciales multilatérales qui doit débiter vers la fin de l'année sera une excellente occasion d'éliminer ou de réduire le principal obstacle à la transformation au Canada et de permettre de surmonter ou d'éliminer les autres obstacles. C'est la principale raison qui a incité les représentants du Canada à demander instamment que, lorsqu'on étudiera les moyens d'atténuer les obstacles au commerce international, on cherche à éliminer en quelques années tous les

obstacles aux échanges de certaines catégories de produits. Ces négociations sectorielles pourraient porter notamment sur les produits du bois, les pâtes et papiers, le cuivre, le nickel, le plomb, le zinc, l'aluminium et la pétrochimie.

Au cours de ces négociations, le Canada demanderait l'abolition des structures tarifaires des pays importateurs de ressources, à savoir la faible taxation des matières premières et la taxation proportionnelle à la valeur ajoutée des produits importés. On pourrait définir les secteurs de négociations de façon à inclure les produits des transformations subséquentes, comme les produits métalliques semi-ouvrés et finis. Ce serait tourner le dos à l'attitude traditionnelle du Canada qui recherchait de meilleures conditions d'accès pour ses matières premières ou produits semi-finis comme les lingots d'aluminium. Les réductions tarifaires consenties en retour par le Canada pourraient contribuer à l'accomplissement des objectifs de notre pays en réduisant les prix auxquels les fabricants canadiens achètent leurs matières premières et constitueraient un aiguillon économique favorable à la rationalisation industrielle et à plus d'efficacité dans la transformation des ressources. Toute réduction tarifaire s'accomplirait par étapes. Dans l'hypothèse où les négociations aboutiraient vers le milieu de 1976, les réductions pourraient s'échelonner sur une période de cinq ans à compter de 1977 et se terminer en 1981.

b) La propriété étrangère:

La propriété étrangère des entreprises a toujours considérablement entravé la transformation avant l'exportation, mais on devrait pouvoir renverser cette relation. Par exemple, la transformation avant l'exportation pourrait constituer un critère spécifique lors de l'examen des prises de contrôle étrangères. Dans ce domaine fondamental, il importe de s'assurer que les capitaux étrangers pénètrent au Canada aux conditions canadiennes.

c) Dialogue avec l'industrie:

Au début, certaines industries, surtout les industries appartenant à des étrangers qui ont pénétré au Canada par un processus d'intégration à partir de leurs installations de fabrication, résisteront probablement à cette politique de transformation des ressources avant l'exportation. Cependant, une déclaration de principes ferme de la part du gouvernement et un énoncé clair de son intention de réclamer l'abolition ou du moins la réduction des barrières commerciales pour les produits ouverts, devrait adoucir cette résistance et créer une atmosphère propice à la consultation et à la coopération. En outre, certains milieux d'affaires du moins se montreraient immédiatement favorables à une politique de transformation avant l'exportation. C'est ainsi que la Chambre de commerce, dans son rapport au gouvernement fédéral de cette année, préconise une politique de transformation plus poussée

de matières premières et que, selon la presse, la Fédération canadienne de l'agriculture est en faveur d'une plus ample utilisation de la production brute de grains et de fourrage au profit d'activités secondaires et tertiaires dans l'élevage.

d) Les programmes existants:

Un certain nombre de politiques et programmes fédéraux déjà en place constituent une base saine pour l'application de ces principes. Les entreprises se dotant de nouvelles installations de transformation avant l'exportation pourraient bénéficier des réductions fiscales prévues dans les bills C192 et C193. Il se peut également que ces entreprises obtiennent une aide fédérale au titre de l'un des nombreux programmes existants, comme le Programme pour l'avancement de la technologie. On n'envisage pas de nouveaux programmes d'aide financière et, en règle générale, il ne faudra établir de nouvelles installations de transformation que lorsqu'elles seront économiquement viables, sans subvention ni protection douanière.

e) Coopération avec les pays producteurs:

Il peut être intéressant de consulter les gouvernements d'autres pays exportateurs de ressources naturelles. Ces pays partagent l'intérêt du Canada à transformer ces ressources avant l'exportation et nombreux sont ceux qui ont déjà pris des mesures pour se doter des installations nécessaires. Il est trop tôt pour savoir ce qui pourrait résulter de telles consultations en plus d'un échange d'information et d'expérience, mais il ne faut pas écarter la possibilité de recourir dans certains cas à une méthode concertée.

f) Les licences d'exportation:

Il est probable qu'un système de licences d'exportation soit essentiel à une politique efficace de transformation des ressources exportées. C'est ainsi que l'Australie a récemment mis en vigueur un système de licences d'exportation pour les minerais, initialement destiné à fournir des renseignements sur les conditions de vente. Une telle mesure permettrait de contrôler les marchandises, séparément, lorsqu'il s'avère qu'il existe une possibilité de transformation viable qui n'est pas exploitée. Une fois contrôlées, les exportations d'une marchandise ne seraient pas nécessairement limitées, mais les exportateurs pourraient avoir à fournir à ce sujet des renseignements essentiels à l'évaluation des avantages d'une éventuelle transformation avant l'exportation. S'il devenait nécessaire de limiter les exportations de matières premières ou semi-ouvrées pour créer ou agrandir des usines de transformation économiquement viables, on disposerait ainsi d'un mécanisme permettant ces restrictions.

En règle générale, l'application de mesures en faveur de la transformation avant l'exportation doit faire d'abord appel à des moyens positifs, constructifs et concertés: négociations commerciales, dialogue avec l'industrie, assistance

aux initiatives privées grâce aux politiques et programmes existants et promotion d'entreprises à participation sous contrôle canadien. Il est très probable qu'une telle méthode serait efficace dans bien des cas. Des actions positives et concertées seraient préférables aux moyens plus restrictifs ou négatifs à n'employer qu'en dernier ressort.

QUELQUES CONSÉQUENCES

a) Structure industrielle:

Il est important d'étudier si des apports au secteur de la transformation des ressources contribueraient à la mise en place d'une structure industrielle possédant des atouts suffisants au plan international pour servir réellement les besoins économiques et sociaux des Canadiens. D'après des renseignements recueillis par les hauts fonctionnaires fédéraux, il semble que le taux de croissance élevé de la main-d'œuvre canadienne durant les années 70, qui impose la création d'un grand nombre d'emplois nouveaux, connaîtra un certain ralentissement durant les années 80, d'où une réduction des besoins d'emplois nouveaux. Dans le cadre de ces changements démographiques, nous devons adopter des politiques qui fournissent des revenus et des emplois à une main-d'œuvre en pleine expansion durant les années 70, tout en prenant en considération la nécessité de mettre en place une industrie très compétitive et productive d'ici au début des années 80. Le chapitre de ce document sur les «avantages» décrit les conséquences économiques et structurelles d'une industrie de transformation plus importante et laisse entendre que la transformation des ressources avant l'exportation contribuerait à satisfaire ces besoins.

b) Énergie:

L'énergie est un facteur coût important dans les activités de transformation des ressources naturelles, comptant pour 4 à 20 p. 100 du coût de conversion d'une matière première à un niveau supérieur de valeur ajoutée. (Voir appendice V). Une politique d'énergie peu coûteuse pour la clientèle industrielle (c'est-à-dire moins coûteuse au Canada que dans d'autres pays industrialisés) apporterait une contribution appréciable à la viabilité économique des opérations de transformation avant l'exportation. L'usine hydrométallurgique Sherritt Gordon près d'Edmonton, en Alberta, illustre le rôle important du gaz naturel bon marché, utilisé à la fois comme produit chimique de consommation et comme source d'énergie. Cette usine, située à proximité de gisements de gaz naturel bon marché, transforme les matières premières transportées par chemin de fer depuis le nord du Manitoba en briquettes, poudre, et rubans de nickel, destinés essentiellement à l'exportation aux États-Unis. Le prix relativement faible du gaz naturel contrebalance les frais de transport élevés des matières

premières jusqu'à l'usine et les coûts d'expédition des produits transformés. On sait que la société doit régler une des plus importantes notes de fret du Canada. De la même façon une énergie bon marché représenterait une contribution importante à la viabilité économique d'autres procédés hydro-métallurgiques actuellement mis au point par la Sherritt Gordon en collaboration avec Cominco pour le cuivre et Hudson Bay Mining and Smelting pour le zinc.

c) Protection de l'environnement:

La dégradation de l'environnement représente probablement la plus lourde hypothèque d'une politique de transformation des ressources. De plus, dans la mesure où cette dégradation pourrait être limitée si l'on applique strictement les règlements de contrôle de la pollution, les établissements canadiens de transformation risqueraient d'être désavantagés, à cause des coûts de ce contrôle, par rapport à leurs concurrents: certains ont effectivement déclaré qu'un niveau élevé de pollution sera toléré dans leur milieu. Par contre, ce problème comporte aussi ses aspects positifs:

- (i) Les grands consommateurs de ressources naturelles, par exemple le Japon, intensifient en ce moment la recherche portant sur les techniques de transformation qui diminueront fortement les conséquences néfastes sur l'environnement. Si le Canada ne participe pas à cette course technologique, il perdra une grande partie de la prochaine génération d'usines de transformation au profit d'autres pays, ratera une chance de mettre au point et de vendre à l'étranger des techniques et des équipements de contrôle de la pollution, et finalement se verra dans l'obligation d'acheter des techniques et des équipements mis au point dans d'autres pays;
- (ii) Contrairement à ce qu'on croit généralement, il est entendu que plusieurs des techniques mises au point pour le contrôle de la pollution pourraient amener, par suite d'un accroissement de l'efficacité, une diminution des frais d'exploitation (par exemple, le nouveau procédé hydrométallurgique Arbiter mis au point par Anaconda aux États-Unis pour l'extraction du cuivre à partir de concentrés à faible teneur);
- (iii) Avec le gaz naturel, le Canada possède une source d'énergie non polluante qui pourrait servir d'outil de développement industriel. Le gaz naturel a déjà joué un rôle clé dans le choix de l'emplacement d'une usine hydrométallurgique de raffinage du nickel en Alberta. L'emploi du gaz naturel dans les industries de transformation au Canada pourrait faciliter la diversification régionale des activités industrielles du pays. L'huile de sables bitumineux constitue une autre source d'énergie non polluante pour l'avenir.

CONCLUSIONS

- a) De grandes quantités de ressources naturelles canadiennes sont exportées sous des formes non transformées, et les tendances récentes, en particulier en ce qui concerne les minéraux, indiquent que la proportion des exportations sous la forme brute est en augmentation;
- b) un grand nombre de produits tirés de ressources naturelles offrent des possibilités de valeur ajoutée, lorsqu'ils sont transformés avant d'être exportés;
- c) Si l'on pouvait profiter de cette possibilité de valeur ajoutée, on réaliserait pour l'économie des bénéfices directs importants en termes d'accroissement des revenus et des emplois, et les matériaux transformés obtenus pourraient servir de base à une intégration plus complète allant jusqu'à la fabrication de produits finis.

Ministère de l'Industrie et du Commerce
juillet 1973

APPENDICE I

PRODUCTION MINIÈRE DU CANADA, 1970-1980

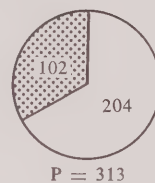
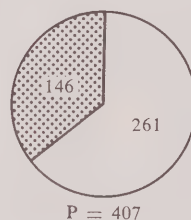
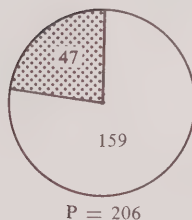
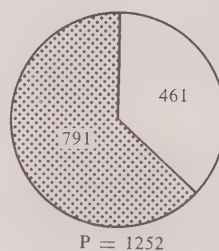
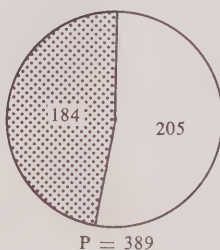
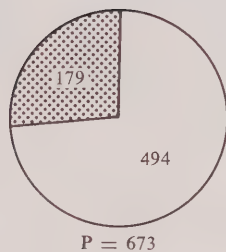
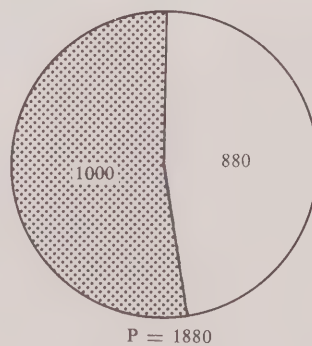
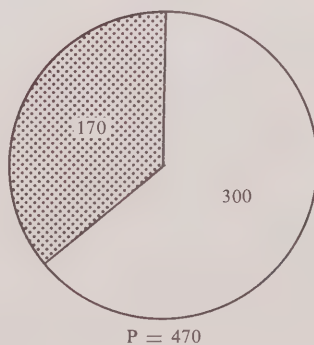
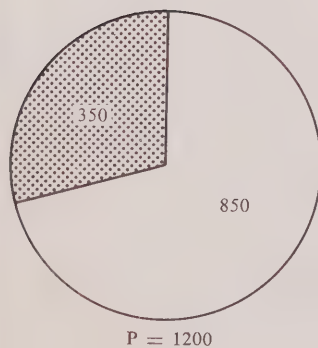
(en milliers de tonnes)

	Réelle 1970	Prévue 1980	Augmentation en tonnes	de 1970 à 1980 en pourcentage
Cuivre.....	674	1,200	526	81
Minerai de fer*	53,900	88,000	34,100	61
Plomb.....	383	470	87	23
Nickel.....	308	400	92	30
Zinc.....	1,211	1,880	669	55

*Envois de minerai de fer.

RÉFÉRENCE: Représentants du ministère de l'Énergie, des Mines et des Ressources.

APPENDICE II **TRANSFORMATION AU CANADA** **DE CERTAINS** **PRODUITS MINÉRAUX**

Cuivre**Plomb**
1950**Zinc****1960****1970****1980**

P = Production—sous toutes ses formes—en milliers de tonnes

Transformée au Canada

Métal disponible pour exportation en forme de concentrés

APPENDICE III

LA SIMULATION DU GROUPE DES
RESSOURCES COMMERCIALES

Les simulations du modèle CANDIDE ont fourni des indications utiles sur les conséquences éventuelles d'une politique nationale de transformation plus poussée des richesses naturelles. Ce modèle constitue un nouveau système d'évaluation de tous les domaines de l'économie, spécialement conçu pour l'étude des conséquences à moyen terme des changements de politique.

La simulation du modèle CANDIDE ici décrite dépeint l'économie canadienne telle qu'on l'envisage pour 1980 dans l'hypothèse où la transformation serait plus poussée et la compare au tableau de l'économie obtenu pour 1980 sans ce surcroît d'activité. Il en ressort que dans l'hypothèse d'un accroissement des opérations de transformation,

- a) le revenu disponible par habitant, en valeur réelle (fondée sur la valeur du dollar en 1961), augmenterait de 6.8%;
- b) la productivité, ou le rendement par employé, augmenterait de 0.8%;
- c) le taux de chômage diminuerait de 2% (de 6.3% à 4.3%);
- d) le niveau total de l'emploi progresserait de 4.2%, soit environ 400,000 emplois de plus en 1980 que le chiffre obtenu sans la simulation; or, environ la moitié de ces emplois serait attribuable à une réduction du chômage, et l'autre moitié à un accroissement de la main-d'œuvre;
- e) le taux d'inflation augmenterait de 1.1%;
- f) si l'on se fonde sur le dollar constant de 1961, l'accroissement cumulé des investissements au cours de la décennie serait d'environ 5 milliards de dol-

lars, dont 70% en matériel et équipement, et le reste en ouvrages de construction. Pendant la même période, le montant de l'épargne personnelle augmenterait de plus de 4 milliards de dollars principalement en raison de l'accroissement du revenu disponible. De cette manière, l'épargne personnelle, ainsi que les capitaux produits à l'intérieur par des sociétés canadiennes à même les bénéfices non distribués et la dépréciation, semblent pouvoir parer aux besoins d'apports nets de capitaux.

En dépit des progrès accomplis dans le domaine de la recherche économique quantitative appliquée, il existe encore plusieurs doutes fondés quant à l'utilité des modèles économétriques, tel que le modèle CANDIDE, dans l'élaboration des politiques. De façon générale, les modèles de ce genre se composent de systèmes d'équations mathématiques qui reproduisent le fonctionnement d'une partie ou de la totalité de l'économie nationale. On les établit en évaluant des rapports quantitatifs calculés à partir de données applicables à une période passée. Il va de soi que ces modèles ne peuvent rendre compte de toutes les interdépendances et qu'ils n'assurent pas non plus que la nature des interdépendances du passé restera inchangée dans l'avenir.

Le modèle CANDIDE prend en compte un grand nombre d'hypothèses. Celles-ci déterminent dans une grande mesure l'exactitude avec laquelle le modèle décrit le fonctionnement de l'économie durant la période d'après-guerre, ainsi que la marge d'erreur de toute prédiction conditionnelle. En d'autres termes, il existe au moins deux sources possibles d'erreur. D'une part, il se peut que les interdépendances du passé n'aient pas été identifiées correctement, et d'autre part, même si tel n'est pas le cas, ces relations peuvent ne pas être valables pour l'avenir.

APPENDICE IV

ÉCARTS DES MOYENNES TARIFAIRES APPLICABLES AUX DIVERSES
ÉTAPES DE LA TRANSFORMATION

	CEE	États-Unis	Japon	Canada
	%	%	%	%
Fer et acier				
Minerais et concentrés.....	0.0	0.0	0.0	0.0
Produits non travaillés.....	3.7- 3.9	1.3- 3.6	5.1- 5.5	1.2- 4.2
Produits semi-ouvrés.....	6.7- 7.1	6.8- 7.8	8.3-10.2	5.3- 8.0
Aluminium				
Bauxite.....	0.0	0.0	0.0	0.0
Alumine.....	8.8	0.0	0.0	0.0
Produits non ouvrés.....	3.6- 6.0	4.5- 4.6	6.8- 8.4	1.3- 2.5
Produits semi-ouvrés.....	10.9-11.9	6.5- 7.9	14.9-17.3	3.7- 6.9
Nickel				
Minerais et concentrés.....	0.0	0.0	0.0	0.0
Produits non ouvrés.....	0.0	0.0- 2.4	3.9-13.4	0.0- 5.8
Produits semi-ouvrés.....	4.9- 5.6	2.2- 8.7	11.8-13.7	0.8- 4.7
Cuivre				
Minerais et concentrés.....	0.0	1.7 ²	0.0	0.0
Produits non ouvrés.....	0.0	1.8- 3.9	5.6- 6.6	0.4- 2.7
Produits semi-ouvrés.....	7.4- 7.9	3.5- 8.0	16.5-16.8	7.1- 8.8
Zinc				
Minerais et concentrés.....	0.0	10.7	0.0	0.0
Produits non ouvrés.....	2.3- 4.5	5.4-11.2	3.3- 7.2	0.0
Produits semi-ouvrés.....	8.1- 9.4	2.6- 7.9	10.4-14.7	1.9- 4.6
Plomb				
Minerais et concentrés.....	0.0	7.6 ²	0.0	0.0
Produits non ouvrés.....	2.7- 5.2	8.7- 9.0	8.4- 9.0	0.1-11.3
Produits semi-ouvrés.....	6.2- 9.4	7.7-10.8	4.6-16.3	1.3- 7.5
Bois				
Bois et liège brut.....	0.1- 1.7	0.0- 2.1	0.0- 0.3	0.0- 5.6
Panneaux de bois.....	12.7-12.9	12.3-15.1	15.8-18.2	13.3-15.0
Produits semi-ouvrés.....	0.2- 4.4	0.4- 2.3	0.8- 5.4	0.6- 4.4
Pâte et papier				
Pâte à papier et rebuts de papier.....	1.0- 1.2	0.0	3.6- 4.8	0.0
Papier et carton.....	8.1-10.1	0.3- 5.5	9.2-11.9	6.6-11.3

¹ Les écarts des moyennes tarifaires sont tirés de l'étude tarifaire du GATT (GATT Tariff Study), dans laquelle quatre moyennes ont été calculées comme suit:

Moyenne 1. Une simple moyenne arithmétique des tarifs douaniers du régime de la nation la plus favorisée portant sur les catégories de marchandises.

Moyenne 2. La moyenne 1 pour chaque rubrique de quatre chiffres de la Nomenclature de Bruxelles, pondérée par le total des importations combinées des pays couverts par l'étude, et suivie par la moyenne calculée pour chaque catégorie de marchandises.

Moyenne 3. La moyenne pondérée de tous les tarifs douaniers classés dans une catégorie et dont le facteur de pondération est constitué par les importations du pays concerné sous le régime de la nation la plus favorisée, sur la base des niveaux tarifaires nationaux.

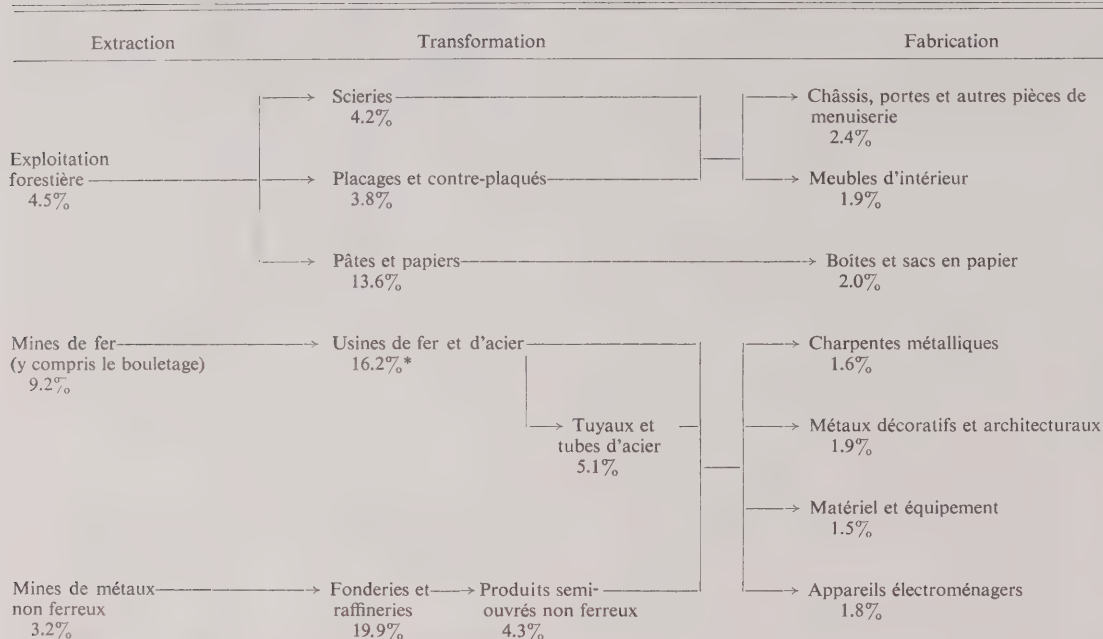
Moyenne 4. Synthèse des moyennes 2 et 3 ci-dessus.

² Les taux approximatifs sont calculés à partir des valeurs suivantes: le cuivre à 46c./lb, le zinc à 6.3 c./lb, le plomb à 9.9c./lb.

RÉFÉRENCES: Minerais et concentrés—Échelles tarifaires nationales; tous les autres—L'Étude tarifaire (GATT), tableau résumé n° 2, Structure des droits et des échanges par catégories de produits industriels.

APPENDICE V

**ESTIMATION DU FACTEUR COÛT DES COMBUSTIBLES ET DE L'ÉNERGIE EN PROPORTION DU
COÛT DE LA TRANSFORMATION À UN CERTAIN DEGRÉ DE LA VALEUR AJOUTÉE
—SECTEURS DES PRODUITS FORESTIERS, FERREUX ET NON FERREUX**



*Y compris la houille et le coke métallurgiques.

RÉFÉRENCE: Statistique Canada, chiffres du Recensement annuel des manufactures, 1969.

PERSPECTIVES DU DÉVELOPPEMENT INDUSTRIEL ET ÉCONOMIQUE

Soumis conjointement par

L'honorable **PETER LOUGHEED**, *Premier ministre de l'Alberta*

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INTRODUCTION

Le premier objectif économique des provinces de l'Ouest est d'accorder à sa population la possibilité de gagner sa vie de façon créatrice. Les premiers ministres des provinces de l'Ouest sont convaincus de l'existence des ressources et du potentiel pour atteindre cet objectif, à condition que le gouvernement fédéral y contribue de façon appropriée. Il est essentiel, à cet égard, que l'importance que nous accordons aux produits bruts et à l'extraction des ressources soit consolidée par l'expansion complémentaire de l'industrie secondaire.

On pourrait parvenir à un meilleur équilibre de l'économie si on développait intégralement dans les différentes régions les possibilités qui devraient logiquement s'y trouver. En dehors des économies à réaliser dans le développement des industries de fabrication et de transformation près de leur lieu d'extraction, chaque Canadien devrait avoir la possibilité d'acquiescer un métier intéressant. Il devrait pouvoir être formé et pratiquer dans la région de son choix. Une stratégie unifiée de développement des industries primaires telles que l'agriculture, les mines, la sylviculture et la pêche et des différentes industries manufacturières

comme les industries pétrochimiques, de machinerie, de la sidérurgie et du matériel de transport offrirait cette possibilité aux Canadiens de l'Ouest.

Les provinces sont d'accord avec les grandes lignes de cette nouvelle approche plus flexible vers laquelle semble se diriger le ministère de l'Expansion économique régionale. Comme nous le constatons, le processus sera basé sur une identification conjointe fédérale-provinciale des perspectives de développement dans chaque province. Nous aimerions insister sur l'importance d'une participation provinciale entière à chaque étape, afin que la stratégie de développement de chaque province soit renforcée par des programmes fédéraux et ne soit ni contrainte ni contrariée.

Nous voyons dans cette conférence un moyen de mettre en lumière et d'éliminer, espérons-le, les facteurs clefs qui freinent l'épanouissement de l'Ouest. Nous espérons parvenir à des résultats positifs et concrets qui nous permettront de poursuivre avec confiance l'élargissement des débouchés que nous identifions conjointement.

Les politiques fédérales qui limitent actuellement le développement de l'Ouest comprennent:

- a) une structure injuste en ce qui concerne les transports et les tarifs de fret;

- b) une concentration écrasante des fonds consacrés à la recherche et au développement technologique aussi bien qu'à la formation technique et de gestion dans le centre du Canada;
- c) un manque d'appui à la structure industrielle particulière de l'Ouest du Canada qui est surtout orientée sur des petites entreprises;
- d) un système d'accords commerciaux et de tarifs douaniers qui a des effets régionaux discriminatoires;
- e) les dispositions concernant les subventions de déplacement accordées à la main-d'œuvre dans le but de faciliter le mouvement de ceux qui sont ou peuvent devenir spécialisés vers des régions déjà hautement industrialisées; et
- f) un système bancaire basé sur la politique du gouvernement fédéral et qui ne répond pas aux besoins du développement de l'Ouest du Canada.

Une autre contrainte qui s'oppose au développement intégré des perspectives économiques de l'Ouest est l'absence d'une politique spécifique créée dans ce but. Il est important de prendre des mesures de stabilisation à la fois du revenu et de la production des industries primaires pour que puisse intervenir une expansion valable des industries secondaires de transformation. Cela s'applique particulièrement à l'agriculture. L'incertitude des recettes dans ce secteur s'ajoutant à des besoins élevés de capitaux a imposé un énorme frein à la diversification et à l'intensification de la production.

En résumé, les provinces de l'Ouest demandent instamment que le gouvernement fédéral établisse une ligne de conduite qui répartisse le développement et la population à travers le Canada de façon plus uniforme et plus juste. Cette position exige qu'on attire ce développement vers la population au lieu d'attirer la population vers des centres surpeuplés d'activité urbaine qui ont grandi trop vite. Si le gouvernement modifiait ses politiques de discrimination et ajustait ses programmes de développement dans ce sens, un grand pas pourrait être fait pour atteindre nos objectifs communs:

- (1) réduire les disparités régionales;
- (2) parvenir au développement équilibré des économies régionales;
- (3) réduire davantage la congestion et la pollution de nos zones industrielles, et
- (4) relever l'unité nationale.

POLITIQUE D'ACHAT DU GOUVERNEMENT FÉDÉRAL

L'Ouest du Canada veut pour ses industries une juste part des affaires qui se rattachent directement aux énormes dépenses faites par les différents ministères du gouvernement fédéral dans l'achat des biens et services.

Étant donné les biens et services achetés par beaucoup de ses ministères, le gouvernement fédéral représente un des marchés les plus vastes et les plus variés du Canada. Au

cours de l'année financière qui s'est terminée le 31 mars 1971, par exemple, le ministère des Approvisionnement et Services a dépensé \$823 millions pour l'achat de biens et services,* ce qui représente environ 80 pour cent des achats fédéraux. Un budget de cette amplitude peut jouer un rôle important dans la promotion du développement économique de régions choisies.

C'est le Québec et l'Ontario qui, dans le passé, ont satisfait à 85 pour cent du milliard que représente le montant annuel des achats du fédéral. Faire des affaires avec des compagnies qui se trouvent aux alentours d'Ottawa présente évidemment des avantages, et il est compréhensible que le gouvernement fédéral ait eu tendance à agir de la façon la plus commode. Cependant, puisque le gouvernement fédéral est responsable du bien-être économique de la nation, il doit faire un effort pour changer cette habitude et aller plus loin, afin de promouvoir des achats auprès d'autres régions que celles du centre du Canada. Le gouvernement fédéral a récemment reconnu ce déséquilibre et a annoncé en septembre 1972 «une nouvelle politique d'achat afin de permettre aux hommes d'affaires de l'Ouest de doubler le montant des marchandises qu'ils vendent au fédéral». Les provinces de l'Ouest estiment pourtant que c'est insuffisant, bien que ce soit un pas dans la bonne direction. Il faut un engagement plus sérieux pour augmenter les achats dans l'Ouest du Canada.

Il est évident que la politique d'achat du gouvernement a favorisé le cœur industriel du Canada plus qu'il est normal comparativement au pourcentage de population de cette région. L'Ouest du Canada renferme plus du quart de la population du Canada et a donc droit à une part comparable des dépenses du gouvernement fédéral.

Pour relever le développement de l'Ouest, les quatre provinces de l'Ouest recommandent:

- (1) que selon les nouvelles décisions en matière de politique, le gouvernement fédéral «achète» la recherche et le développement auprès d'institutions, de compagnies et d'universités de l'Ouest;
- (2) que le gouvernement fédéral augmente sa politique d'élimination d'une partie des coûts de transport de certains produits et en fasse une mesure permanente. Les industries de l'Ouest se sont rendu compte que même avec les tarifs différentiels, elles sont incapables de soutenir la concurrence des industries implantées dans le centre du Canada. Il est donc recommandé de plus que cette politique soit révisée afin de permettre aux industries de l'Ouest d'être concurrentielles.
- (3) que le gouvernement fédéral reconnaisse que les industries de l'Ouest sont souvent désavantagées du fait des frais de transport de leurs équipements ou matières premières, et qu'il en tienne compte dans l'établissement de sa politique d'achat.
- (4) que le gouvernement fédéral soit plus soucieux d'acheter de nouveaux produits fabriqués par des nouvelles sociétés moins importantes. Bien souvent, lorsqu'elles cherchent à entrer sur le marché de

* Rapport annuel, 1970/71, ministère des Approvisionnement et Services, Ottawa, 1971, p. 21.

l'exportation, ces petites sociétés dont les produits sont souvent excellents au point de vue technique— ne peuvent faire valoir que le gouvernement canadien est leur client. La mention du gouvernement au nombre des clients d'une société est pour des acheteurs éventuels, une preuve importante de l'acceptation du produit. Il est assez contradictoire que, dans bien des cas, le gouvernement aide à la recherche et au développement du produit ainsi qu'aux efforts de la société pour la mise en marché, tout en refusant lui-même d'acheter.

- (5) que le gouvernement fédéral fournisse une liste des futurs achats aux sous-ministres provinciaux de l'Industrie et du Commerce. Bien des compagnies, les plus petites surtout, n'ont pas les ressources financières ou autres, nécessaires pour pouvoir se tenir au courant des besoins du gouvernement fédéral. Les provinces pourraient ainsi servir d'intermédiaires entre les fournisseurs éventuels et les acheteurs du fédéral.
- (6) que le gouvernement fédéral prévoie ses besoins et en notifie ses homologues provinciaux dès que possible afin de fournir à l'industrie locale la possibilité de planifier la production.
- (7) que le gouvernement fédéral établisse des calendriers d'achat qui fourniraient des contrats importants à long terme, ce qui permettrait à de petites entreprises de se lancer dans la production sans se demander comment recouvrer une grande part des frais de mise en route.
- (8) que le gouvernement fédéral prévoie ses besoins et en notifie ses homologues provinciaux dès que possible afin de fournir à l'industrie locale la possibilité de planifier la production.
- (9) que le gouvernement fédéral applique à l'Ouest du Canada des programmes qui se limitent actuellement au Centre du Canada. Il s'occupe, par exemple, actuellement de promouvoir l'industrie aérospatiale dans les grandes villes de l'Est par l'intermédiaire de son programme de \$80 millions de démonstration de l'ADAC (avion à décollage et atterrissage courts) ayant pour but d'obtenir des données techniques et opérationnelles pour le DHC7. Les sociétés aéronautiques de l'Ouest ont tout aussi besoin de ces données.
- (10) que le gouvernement fédéral prenne des mesures concrètes pour intéresser les entreprises de l'Ouest au développement des spécifications et des normes utilisées pour définir ses besoins.
- (11) que le gouvernement fédéral donne plus de préférence aux compagnies canadiennes.
- (12) que le gouvernement fédéral aide par ses achats les sociétés qui sont qualifiées pour recevoir une assistance en application d'autres programmes fédéraux.
- (13) que le gouvernement fédéral décentralise davantage ses achats et qu'il établisse dans l'Ouest un Bureau

d'achat régional qui ferait la liaison avec le Bureau central.

- (14) que le gouvernement fédéral rende régulièrement compte de ses achats de biens et services en les ventilant par province afin que les effets de la politique décrite ci-dessus puissent être mesurés et évalués.

PROGRAMMES DU MINISTÈRE DE L'INDUSTRIE ET DU COMMERCE

Introduction

L'objet de la prise de position de cette étude, préparée par les provinces de l'Ouest, est d'évaluer les programmes d'assistance industrielle du ministère fédéral de l'Industrie et du Commerce et de présenter des recommandations concernant l'élaboration future de la politique et des programmes du ministère. L'Ouest base sa position sur trois postulats fondamentaux, à savoir

- a) que la base industrielle de l'Ouest du Canada doit être élargie et diversifiée;
- b) que l'expansion industrielle du développement de régions comme celles de l'Ouest du Canada ne tend pas uniquement à assurer le bien-être de leurs habitants, mais qu'elle contribue également au développement maximal de l'ensemble de la nation; et
- c) que les programmes fédéraux, comme les programmes d'assistance industrielle du ministère de l'Industrie et du Commerce, doivent aider des régions comme celles de l'Ouest du Canada à concrétiser tout leur potentiel de développement.

Évaluation des programmes existants

Le ministère de l'Industrie et du Commerce administre une variété de programmes destinés à aider des activités industrielles telles que celles qui concernent la recherche sur les produits, l'innovation et la transformation des produits, l'esthétique industrielle, l'amélioration de la productivité et le développement de l'exportation. Se basant sur les informations limitées dont elles disposent, les provinces de l'Ouest sont en mesure de présenter certaines remarques au sujet de ces programmes.

Notons, tout d'abord, que les programmes d'assistance industrielle ont eu des implications régionales importantes. Dans le passé, la majeure partie de l'assistance financière est allée aux régions du pays les plus hautement industrialisées, à savoir celles du Centre du Canada. Les provinces de l'Ouest et celles de l'Atlantique n'ont reçu qu'une fraction minuscule de cette assistance. Ainsi, au cours de l'année financière 1971-1972, les provinces de l'Ouest n'ont reçu que 8% de la valeur totale des prêts, des garanties de prêts ou des subventions, comparativement à 87% pour l'Ontario et le Québec*.

En ce qui concerne les six principaux programmes du ministère de l'Industrie et du Commerce pour lesquels

* Voir l'Annexe I pour les détails.

des données statistiques existent, la valeur de l'assistance financière allouée à l'Ouest du Canada est en pourcentage, comparativement aux sommes globales dépensées à l'échelon national, de l'ordre suivant:

Programme de productivité des produits de la Défense (DIP)	1.7%
Programme pour l'avancement de la technologie (PAIT)	17.1%
Programme d'aide générale de transition (GAAP)	9.7%
Programme de réglementation des subsides à la construction navale (SCSP) et Programme temporaire d'aide à la construction des navires	19.4%
Programme d'aide de transition à l'industrie des produits de l'automobile (AAA)	0%
Programme d'aide au développement de l'industrie pharmaceutique (PIDA)	0%

Il en ressort que les programmes du ministère ont eu pour effet d'augmenter la disparité entre les capacités industrielles du Centre et celles de l'Ouest du Canada.

Deuxièmement, une large fraction des programmes de stimulation a bénéficié à des compagnies sous contrôle étranger. Les données indiquent que la valeur des subventions accordées ces dernières années à des compagnies étrangères représente 21% du Programme de réglementation des subsides à la construction navale (SCSP), 43% du Programme de la recherche et du développement industriel (IRDIA), 46% du Programme pour l'avancement de la technologie industrielle (PAIT), 89% du Programme de partage de la mise au point du matériel de défense (DDSP), 73% du Programme de modernisation de l'industrie en vue de l'exportation (IMDEP), et 88% du Programme de productivité des produits de la défense (DIP).^{*} En fait, le ministère semble avoir aidé l'expansion de l'économie canadienne qui se trouve sous le contrôle de non-résidents.

Il semble, enfin, que les différents programmes du ministère de l'Industrie et du Commerce profitent, dans une large mesure, aux industries primaires et ne fournit aucune assistance quelle qu'elle soit aux petites entreprises. A titre d'exemple, signalons qu'en vertu du Programme de productivité des produits de la Défense (DIP), dix corporations seulement ont obtenu, de 1965-1966 à 1970-1971, 81% de la valeur totale des subventions accordées.

Plusieurs facteurs expliquent l'insuffisance de l'aide accordée aux provinces de l'Ouest. Il y a, tout d'abord, la nature même des programmes d'assistance industrielle. Ces programmes n'ont pas été conçus pour promouvoir l'expansion régionale. Le montant de l'aide allouée à une région semble être directement lié à sa capacité industrielle existante. La capacité industrielle du Canada étant fortement concentrée au Québec et dans l'Ontario^{**}, cette

région a obtenu la majeure partie des subventions et des prêts du ministère. Le Canada du Centre a obtenu la plus grande fraction des subventions et des prêts alloués en vertu de la plupart des programmes et a virtuellement monopolisé l'assistance financière accordée aux industries de l'automobile, de la défense et des produits pharmaceutiques (voir Appendice 1).

L'Ouest du Canada a également souffert de l'absence d'aide aux petites entreprises de la part du ministère. Cela est particulièrement évident dans le domaine de la recherche et du développement.

Les provinces de l'Ouest comptent relativement un grand nombre de petites entreprises qui n'exportent généralement pas au-delà des frontières provinciales. L'existence de marchés relativement restreints implique la nécessité d'amortir les coûts de la recherche et du développement sur une échelle réduite de production, et les coûts de la recherche par unité de production sont en conséquence plus élevés. L'innovation est risquée et coûteuse et le marché accessible doit être assez important pour en absorber le coût. De nombreuses compagnies ont besoin d'aide pour atteindre les marchés nationaux, mais il n'existe aucun programme à cet effet.

Bien que le ministère de l'Industrie et du Commerce ait formulé une politique tendant à favoriser les possibilités de recherche et de développement industriels à l'intérieur du pays, de préférence à l'importation de la technologie étrangère, cette politique n'a été d'aucun effet sur le plan régional. En substance, la situation est similaire à celle qui se présente dans le reste du Canada où les innovations en matière de recherche et de conception sont bien souvent empruntées à d'autres sources.

Le manque de possibilités au sujet de la recherche dans l'Ouest signifie aussi que, bien souvent, les compagnies n'ont même pas l'expérience voulue pour présenter les demandes d'aide. Les mêmes formulaires détaillés et les mêmes documents sont exigés dans tous les cas, indépendamment de l'importance du sujet proposé. En fait, les formulaires sont surtout conçus pour des projets d'envergure. L'importance qu'on accorde aux projets «impressionnants» est contestable, en particulier à la suite du commentaire suivant du Conseil des sciences du Canada:

«En dépit des transformations énormes qu'ont provoquées des innovations d'envergure, il importe de réaliser que les «petites innovations» peuvent avoir, conjointement, de plus grandes répercussions sur notre société, et que ce genre d'innovation évolutive-amélioration des produits, nouvelles utilisations des produits existants, nouvelles techniques de commercialisation—est une activité qu'aucune compagnie ne peut se permettre de négliger»^{*}.

Recommandations

La principale recommandation de cette étude est que les programmes d'assistance industrielle du ministère de l'Industrie et du Commerce devraient servir à aider des régions comme l'Ouest du Canada à réaliser tout leur potentiel de

^{*} Ces deux provinces ont reçu, en 1970, 81.4% de la valeur totale ajoutée du secteur manufacturier canadien. Voir Statistique Canada, *General Review of Manufacturing Industries in Canada 1970* (No. 31-203 Annual).

^{**} L'investissement direct étranger au Canada (*Foreign Direct Investment in Canada*), Gouvernement du Canada, 1972.

^{*} Conseil des sciences du Canada: L'innovation dans les régions froides: Le dilemme de l'industrie canadienne (*Innovation in a cold climate: The Dilemma of Canadian Manufacturing*), octobre 1971.

développement. Les programmes actuels ont malheureusement été conçus sans se préoccuper suffisamment de la nécessité d'une stimulation économique équilibrée à travers le Canada. Si le ministère veut s'assurer que ses programmes industriels contribuent valablement au développement régional, il est essentiel qu'il les coordonne de façon positive avec les autres programmes du gouvernement fédéral qui se rapportent aux activités économiques.

Les provinces de l'Ouest estiment que le ministère de l'Industrie et du Commerce devrait aider l'expansion des secteurs industriels de l'Ouest du Canada qui possèdent un fort potentiel de développement. L'Ouest du Canada ne doit plus être considéré comme étant un marché tributaire des industries de l'Est et on devrait mettre l'accent sur la promotion de la production de l'Ouest afin que cette région soit capable de satisfaire son propre marché et qu'elle puisse offrir une concurrence efficace à la production du Centre du pays. Certains programmes ont été conçus, dans le passé, en vue d'aider des industries comme celles de l'automobile, de l'aéronautique et des produits pharmaceutiques qui sont fortement concentrées dans le Centre du Canada. Les provinces de l'Ouest ne sont pas opposées à ce que le gouvernement fédéral apporte son concours à ces industries, mais il est certain qu'il y a nombre d'industries dans l'Ouest du Canada qui ont également besoin d'aide. Le ministère devrait, par exemple, envisager de fournir un appui financier aux industries qui ont un potentiel élevé de croissance dans l'Ouest comme celles des produits alimentaires et des boissons, des équipements électriques, du bois, de la pétrochimie, des équipements agricoles, de la fabrication du métal, etc.

Pour que le ministère de l'Industrie et du Commerce contribue au bien-être des Canadiens de l'Ouest, il importe

- a) que les programmes d'assistance industrielle existants soient élargis et deviennent plus accessibles aux industries de l'Ouest;
- b) que de nouveaux programmes soient élaborés pour encourager des «centres d'excellence industriels» dans les localités régionales;
- c) qu'il y ait un certain degré de décentralisation dans le processus de la prise de décision en ce qui concerne la formulation et la mise en œuvre des programmes du ministère.

Accessibilité aux programmes

Les provinces de l'Ouest estiment qu'il faudrait augmenter le nombre de prêts et de subventions destinés aux petites entreprises, y compris celles de l'Ouest du Canada. Comme on l'a noté, la majeure partie des capitaux attribués dans le passé en vertu de certains programmes est allée à quelques grandes sociétés. Nous proposons, de plus, que les services du ministère soient élargis et deviennent plus accessibles aux sociétés de l'Ouest et aux petites entreprises en particulier.

Pour aider les sociétés de l'Ouest à atteindre un meilleur degré d'efficacité grâce à une production accrue, on doit accorder une attention particulière à l'élaboration de programmes destinés à aider les industries de l'Ouest du

Canada à vendre sur le marché national. Une meilleure gestion est également très importante et, puisque le programme des services de consultation pour petites entreprises (CASE) a bien démarré, l'effort doit être généralisé et accentué afin d'aider et de renforcer les programmes provinciaux d'amélioration de la gestion et de la productivité.

On doit également accorder une attention particulière aux programmes des entreprises qui se trouvent dans les régions rurales. Bien souvent ces entreprises n'ont pas accès aux connaissances techniques nécessaires qui leur permettraient de fonctionner de façon efficace. Il est fort probable que les dépenses consenties pour ces programmes seront amorties plusieurs fois grâce aux avantages sociaux importants qui découleront du maintien d'une économie rurale saine dans l'Ouest du Canada.

«Centres d'excellence» industriels

Pour aider le développement à long terme de l'économie de l'Ouest, les provinces de l'Ouest soulignent la nécessité d'élaborer des programmes conçus visant à établir des «centres d'excellence» industriels à travers les différentes régions du Canada. Ces centres seraient basés sur les ressources humaines, naturelles et autres avantages relatifs de la région, et fortement appuyés par des programmes d'assistance à la recherche et au développement et d'aide sur les plans financiers, de la gestion et de la commercialisation afin d'établir une unité économique vitale capable de servir les marchés nationaux et internationaux.

Les stimulants du gouvernement fédéral doivent servir à encourager les entrepreneurs à participer à ces centres régionaux. On devrait également encourager et aider la participation des conseils de recherche provinciaux, des sociétés de la couronne ou autres organismes.

Une telle conception des programmes exige une initiative sérieuse de la part du gouvernement fédéral en vue d'établir et d'aider de nouveaux centres d'activité industrielle au Canada. La décentralisation des compétences techniques du ministère de l'Industrie et du Commerce est nécessaire à cet égard afin de planifier et d'aider ces centres de même qu'il faut décentraliser les opérations de financement des activités de recherche et des nouvelles entreprises industrielles et les entreprendre en collaboration avec les autres ministères du gouvernement fédéral.

Décentralisation et prise de décision

Enfin il importe que la prise de décision soit décentralisée pour que les programmes industriels du ministère contribuent de façon efficace au développement régional. Jusqu'ici, toutes les décisions concernant l'élaboration et la mise en œuvre des programmes étaient prises à Ottawa. Les provinces de l'Ouest estiment que le gouvernement fédéral devrait permettre aux gouvernements provinciaux et aux différents organismes locaux de participer à la planification de la politique générale de développement économique, à l'établissement des priorités industrielles régionales et à l'élaboration et à la mise en œuvre des

programmes. Il faut décentraliser les compétences relatives à la planification et à la technique; il faut décentraliser le pouvoir de prise de décision concernant les programmes d'assistance et renforcer les bureaux régionaux. Une assistance spéciale doit être dispensée dans la région même afin d'aider les plus petites entreprises à comprendre la portée et les limites des différents programmes, à préparer les formulaires et à poursuivre le «dialogue» poussé qui est souvent nécessaire à la mise en œuvre.

De plus, les programmes industriels doivent être coordonnés et, si possible, servir et consolider les programmes régionaux existants. Ils doivent être basés sur la connaissance qu'ont les provinces des besoins locaux.

Certains programmes qui sont élaborés conjointement à l'heure actuelle en vertu du Programme d'expansion des exportations (PEMD) et par l'intermédiaire de la Direction du design représentent un pas vers le genre d'arrangement recherché.

Les provinces de l'Ouest estiment également que le ministère devrait fournir beaucoup plus d'informations que par le passé sur les programmes qu'il administre. Il devrait fournir des données sur une base régulière et fréquente afin de permettre aux gouvernements provinciaux et aux organisations locales de surveiller et d'évaluer l'incidence de tous les programmes du ministère de l'Industrie et du Commerce.

ANNEXE 1

PROGRAMMES D'ASSISTANCE INDUSTRIELLE

(Répartition provinciale)

(L'aide accordée est exprimée en milliers de dollars et en nombre de projets approuvés)

Pro-gramme	de/à	T.-N.		N.-É.		N.-B.		I.-P.-É.		Qué.		Ont.		Man.		Sask.		Alb.		C.-B.		Total	
		\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.
AAA(1)	68/69	—	—	—	—	—	—	—	—	—	1	5,359	19	—	—	—	—	—	—	15	—	5,374	20
	69/70	—	—	—	—	—	—	—	—	768	—	15,655	11	—	—	—	—	—	—	—	—	16,423	11
	70/71	—	—	—	—	—	—	—	—	282	1	10,659	6	—	—	—	—	100	1	—	—	11,041	8
	71/72	—	—	—	—	—	—	—	—	908	—	5,501	16	—	—	—	—	—	—	—	—	6,409	16
C.A.T.(1)	70/71	—	—	—	—	—	—	—	—	—	—	75	3	—	—	—	—	—	—	—	—	75	3
	71/72	—	—	—	—	—	—	—	—	—	—	289	—	—	—	—	—	—	—	—	—	289	—
Design (2)	68/69	—	—	—	—	—	—	—	—	94	13	30	10	—	—	—	—	—	—	13	2	137	25
	69/70	—	—	3	1	—	—	—	—	60	18	44	17	—	—	2	1	3	1	11	3	130	43
	70/71	—	—	—	—	—	—	—	—	79	15	117	10	43	3	—	—	3	1	8	3	250	32
	71/72	—	—	2	1	—	—	—	—	122	18	68	16	78	3	—	—	7	2	5	1	282	41
DIP (3)	68/69	—	—	169	—	—	—	—	—	18,956	16	13,560	46	1,267	1	—	—	811	3	—	2	34,763	68
	69/70	—	—	8	—	—	—	—	—	19,481	22	33,878	30	313	1	—	—	872	3	86	2	54,638	57
	70/71	—	—	213	3	—	—	—	—	22,313	30	28,008	30	1,025	3	—	—	291	1	—	—	51,850	67
	71/72	—	—	—	—	2,345	—	—	—	25,934	25	29,018	32	570	1	100	—	175	1	165	1	58,307	60
GAAP (4)	68/69	—	—	5	1	—	—	—	—	2	3	10	1	—	—	—	—	—	—	—	1	17	6
	69/70	7	1	470	—	—	—	—	—	1,426	4	221	8	—	—	—	—	—	—	—	—	2,124	14
	70/71	—	—	—	1	—	—	—	—	643	8	12,301	10	—	—	—	—	1,400	1	1	2	14,345	22
	71/72	—	—	—	—	—	—	—	—	4,066	12	10,963	24	—	—	—	—	1,500	1	115	4	16,644	41
IDAP (1)	70/71	—	—	—	—	—	—	—	—	4	2	38	11	—	2	—	—	—	—	—	—	42	15
	71/72	—	—	8	1	—	—	—	—	98	8	241	18	8	1	—	—	—	—	24	5	379	33
IRI (1)	68/69	—	—	20	—	—	—	—	—	—	—	101	1	—	—	—	—	—	—	—	—	121	1
	69/70	—	—	20	—	—	—	—	—	—	—	135	—	—	—	—	—	—	—	—	—	175	—
	70/71	—	—	40	—	—	—	—	—	—	1	135	—	—	—	—	—	—	—	—	—	141	1
	71/72	—	—	40	—	—	—	—	—	79	1	151	—	—	—	—	—	—	—	—	—	270	1
Dévelop- pement de marché (1)	Sec. "A"	71/72	—	—	—	—	—	—	—	243	56	97	54	16	7	—	—	27	9	30	28	413	154
	Sec. "B"	71/72	—	—	1	—	—	—	1	—	15	8	23	—	1	—	—	—	1	5	5	13	47
PAIT (1)	68/69	—	—	40	2	11	1	—	—	1,875	11	1,926	40	—	—	—	—	195	1	227	6	4,303	61
	69/70	—	—	9	—	—	—	—	—	1,244	16	2,479	30	—	—	12	1	397	3	1,149	4	5,290	54
	70/71	—	—	3	1	13	—	—	—	3,676	39	6,736	77	130	5	67	—	528	9	1,902	11	13,055	142
	71/72	—	—	38	2	13	3	—	—	8,104	40	14,577	77	431	5	—	—	1,071	5	3,194	16	27,428	148
PEP (1)	70/71	—	—	—	—	—	—	—	—	—	1	—	1	—	—	—	—	—	—	—	1	—	3
	71/72	—	—	—	—	8	2	—	—	114	14	88	18	15	14	—	—	—	—	19	5	244	53
PIDA (1)	68/69	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	69/70	—	—	—	—	—	—	—	—	—	—	196	1	—	—	—	—	—	—	—	—	196	1
	70/71	—	—	—	—	—	—	—	—	—	—	100	1	—	—	—	—	—	—	—	—	100	1
	71/72	—	—	—	—	—	—	—	—	101	1	900	3	—	—	—	—	—	—	—	—	1,001	4

Voir à la page 425 pour les notes explicatives.

ANNEXE 1 (fin)

PROGRAMMES D'ASSISTANCE INDUSTRIELLE (fin)

Pro- gramme	de/à	T.-N.		N.-É.		N.-B.		Î.-P.-É.		Qué.		Ont.		Man.		Sask.		Alb.		C.-B.		Total	
		\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.	\$	No.
SCSR (1) & STAP	68/69	617	—	3,564	2	502	4	636	—	7,191	3	5,422	6	240	1	—	—	—	—	4,161	32	22,333	48
	69/70	274	—	2,657	10	1,540	4	732	—	2,524	2	1,076	3	81	2	—	—	91	6	5,240	40	14,215	67
	70/71	—	—	4,776	4	1,516	2	—	—	892	5	1,756	1	116	2	—	—	1,521	17	3,134	19	13,711	50
	71/72	—	—	2,151	5	1,154	4	365	1	2,398	3	2,182	5	86	1	—	—	549	7	1,352	14	10,237	40
TOTAL	68/69	617	—	3,798	—	513	5	636	—	28,118	47	26,408	123	1,507	2	29	—	1,006	4	4,416	43	67,048	229
	69/70	281	1	3,187	11	1,540	4	732	—	25,503	62	53,684	100	401	5	14	2	1,363	13	6,487	49	93,191	247
	70/71	—	—	5,032	9	1,529	2	—	—	27,889	102	59,891	150	1,314	15	67	—	3,843	30	5,045	36	101,610	344
	71/72	—	—	2,239	10	3,520	9	365	2	42,167	193	64,083	286	1,204	33	100	—	3,329	26	4,909	79	121,916	638
(Aucune répartition provinciale n'est disponible pour ces deux programmes)																							

REMARQUES: (1) Déboursments (2) comprend les bourses d'études et les subventions accordées à des particuliers et à des institutions pour l'étude ou la recherche en design.—(3) y compris les prêts. (4) comprend les déboursments sous forme de subventions de consultation, prêts directs et prêts assurés.

C.A.T.—Centres des techniques avancées.

Juin 1972

POLITIQUE DES TARIFS ET POLITIQUE COMMERCIALE

Tarifs

Résumé

La politique des tarifs a été la pierre angulaire de la stratégie du développement du Canada pendant près de cent ans. L'idée de base était de fournir un mur tarifaire derrière lequel pourrait se développer l'industrie canadienne. Cette politique a encouragé la concentration des industries manufacturières dans le Centre du Canada, l'Ouest fournissant les produits agricoles et autres matières premières. La structure des tarifs nationaux impose une pénalité particulière à l'Ouest du Canada en ce qu'elle l'oblige à payer des prix plus élevés pour les marchandises, tout en ne lui procurant que peu de bénéfices en termes d'emploi et de développement économique. La politique canadienne des tarifs a provoqué un transfert de paiements méconnu de l'Ouest et des Maritimes vers l'Ontario et le Québec.

Dans le but de corriger cette situation, le gouvernement canadien doit poursuivre une politique de révision des tarifs sélectifs qui favorise la fabrication dans l'Ouest du Canada et doit augmenter de façon spectaculaire sa contribution au développement économique régional. La politique commerciale du Canada doit être conçue pour permettre à l'Ouest de valoriser et de transformer ses ressources naturelles. Au cours des négociations multilatérales prochaines du GATT (accord général sur les tarifs douaniers et le commerce), le Canada doit insister de façon énergique sur des révisions et des réductions sélectives des tarifs favorables à l'Ouest du pays. Des négociations bilatérales avec d'autres pays, les États-Unis en particulier, risquent d'être plus productives que le GATT, mais dans toute négociation le gouvernement fédéral doit considérer le développement et les exigences régionales de l'Ouest.

Le but de cette étude est de considérer les répercussions de la politique nationale des tarifs sur le développement régional et le débit commercial se référant particulièrement aux produits finis dans l'Ouest du Canada. Nous ne nous occuperons pas ici des problèmes des corporations multinationales, qui sont également considérées comme ayant un effet important sur le débit commercial de l'Ouest.

Il existait déjà au Canada, avant 1879, des tarifs douaniers, mais la proclamation cette année-là de la politique nationale en fit la pierre angulaire de la stratégie du développement canadien. L'idée de base était de fournir un mur tarifaire derrière lequel pourrait se développer l'industrie canadienne. Cela a également encouragé la concentration des industries manufacturières dans le Centre du Canada, l'Ouest fournissant les produits agricoles et autres matières premières. Cette politique fournit le cadre de l'établissement de nouvelles industries au Canada. Cependant, bien des industries canadiennes ne sont guère efficaces comparativement aux normes mondiales. Du fait de ces politiques tarifaires, bien des usines étaient trop petites, et donc inefficaces, ou encore, même si par leurs effectifs ou par leur production elles paraissent suffisamment grandes, elles produisaient beaucoup trop de produits pour réaliser les économies qu'accorde une production non diversifiée.

Les principaux avantages de cette politique ont profité au Centre du Canada. Tous les consommateurs canadiens paient davantage du fait de l'inefficacité des industries canadiennes appuyées par le système tarifaire. Les matières importées et utilisées pour la production étant sujettes aux tarifs intérieurs, le produit final coûte plus cher que si ces tarifs n'existaient pas, et cela retombe encore sur le public canadien. Malheureusement, si les consommateurs de l'Ouest du Canada et des Maritimes ont eu à payer les coûts élevés de ces marchandises, ils n'ont, en revanche, bénéficié que de fort peu d'avantages en termes d'emplois, ceux-ci ayant surtout servi le Centre du Canada. Il en est résulté, entre autres, des paiements méconnus de transfert

de l'Ouest et des Maritimes en faveur de l'Ontario et du Québec, dont on a estimé le montant net, pour ce qui est de l'Ouest, à environ 200 millions de dollars par an.

La structure tarifaire nationale infligeant des pénalités particulières à l'économie de l'Ouest, il est essentiel que

- (1) le gouvernement canadien poursuive une politique de révision des tarifs préférentiels afin de favoriser l'Ouest du Canada;
- (2) le gouvernement fédéral reconnaisse clairement, jusqu'à ce que disparaissent ces paiements nets de transfert, l'obligation dans laquelle il se trouve d'augmenter radicalement sa contribution au développement économique régional à l'extérieur du Québec et de l'Ontario.

Les provinces de l'Ouest sont entièrement d'accord avec la politique nationale selon laquelle il est à la fois essentiel et possible de valoriser et de transformer leurs ressources naturelles dans une plus grande mesure que ce qui se fait présentement. On est d'accord, d'autre part, que c'est essentiel au développement national, car nous estimons que les gains les plus importants de la position commerciale du Canada doivent venir des produits qui dépendent de l'agriculture et d'autres ressources naturelles, ce que l'Ouest possède en abondance. Nous pensons que les politiques commerciales du Canada doivent donc être développées en tenant compte de ce point.

Il existe actuellement un obstacle majeur à ce programme d'expansion industrielle: les barrières, tarifaires ou non, élevées sur les ressources naturelles transformées ou à demi-transformées imposées par les partenaires commerciaux du Canada. A l'occasion des négociations qui auront lieu au début de septembre cette année sur l'Accord général sur les tarifs douaniers et le commerce (GATT), le Canada se doit d'insister pour obtenir des révisions sélectives et des réductions des barrières, tarifaires ou non, favorables à l'Ouest. Il est essentiel qu'au cours de ces négociations on reconnaisse pleinement les besoins de l'Ouest et qu'on y donne suite de façon énergique.

Les États-Unis représentent pour l'Ouest du Canada le marché le plus apparent et le plus important. La baisse des murs douaniers des États-Unis pourrait constituer la «brèche» nécessaire aux industries de l'Ouest du Canada pour prendre rang au niveau national et international. Bien que les réductions douanières générales telles que celles qui sont associées aux négociations du GATT soient importantes, leurs répercussions sur l'Ouest ne seraient probablement pas suffisantes pour fournir à nos industries un accès facile aux marchés des États-Unis. Cependant, pour certaines industries, cet accès serait facilité si le gouvernement canadien négociait des accords bilatéraux particuliers avec les États-Unis. L'Accord canado-américain sur les produits de l'automobile, qui permet à l'Ontario de se tailler une place dans l'industrie de l'automobile, constitue un bon exemple d'une telle démarche. Le point important à souligner ici est que le gouvernement fédéral doit tenir compte du développement et des exigences des régions dans ses négociations avec les États-Unis ou tout autre pays.

L'Ouest canadien pourrait soutenir une industrie pétrochimique d'importance mondiale s'il avait un meilleur

accès aux États-Unis. Si les tarifs douaniers entre le Canada et les États-Unis étaient équivalents, les usines de l'Ouest du Canada profiteraient d'un énorme marché d'exportation aux États-Unis. Au prix courant de la Gulf Coast, par exemple, les tarifs d'importation canadiens sur le méthanol se montent à environ 1.2¢ par gallon EU comparativement à un tarif d'importation de 7.6¢ par gallon EU. Actuellement, pour expédier le méthanol aux États-Unis, le Canada doit payer environ six fois la valeur du tarif canadien équivalent.

D'autres exemples concernant les droits de douane sont publiés ci-dessous; ils montrent qu'il existe une tendance à décourager l'exportation canadienne des produits pétrochimiques dérivés de l'éthylène vers le marché nord-américain tout en laissant le marché canadien avec relativement peu de protection.

Dérivés de l'éthylène	Tarifs douaniers	
	Canada	États-Unis
Oxyde d'éthylène.....	15.0%	1.59 ¢/lb + 7% (24.7%)
Résines polyéthylènes.....	7.5%	1.3 ¢/lb + 10% (22.3%)
Chlorure de vinyle....	15.0%	1.25 ¢/lb + 6% (42.0%)
Chlorure de polyvinyle.....	10.0%	1.25 ¢/lb + 6% (19.6%)
Styrolène.....	15.0%	1.4 ¢/lb + 9% (32.0%)
Résines polystyrènes.	10.0%	1.4 ¢/lb + 9% (20.7%)

Nous avons pris l'industrie pétrochimique comme exemple, mais il y a bien d'autres industries tout aussi valables. Ainsi, dans l'industrie des produits finis du bois, le bois tendre et le contre-plaqué font face à des tarifs d'importation EU de 20 pour cent, alors que les tarifs d'importations canadiens pour le même produit ont récemment été réduits de 15 à 10 pour cent. Dans l'industrie des produits agricoles transformés, les graines, l'huile et la farine de colza en provenance du Canada font face à des tarifs d'importation EU équivalant à 13, 18 et 6 pour cent respectivement, tandis que les tarifs d'importation canadiens sur les graines de soja, denrée de remplacement, provenant des États-Unis sont de 0 pour cent pour le grain, de 10 pour cent pour l'huile, et de 0 pour cent pour la farine.

Bien que les exportations canadiennes et celles de l'Ouest dépendent en grande partie des marchés américains, le Canada doit diversifier ses exportations. Les producteurs de l'Ouest considèrent les pays du Pacifique, le Japon en particulier, comme d'éventuels importateurs importants des produits canadiens. On devrait accorder une attention spéciale à l'établissement de structures commerciales qui faciliteraient à l'Ouest du Canada l'accès à ces marchés.

Autres préoccupations des provinces de l'Ouest en ce qui concerne les politiques tarifaires et commerciales canadiennes

a) Mesures antidumping

Le dumping est la discrimination de prix entre deux marchés nationaux distincts ou deux territo-

res douaniers. On a exprimé une certaine inquiétude au sujet de la façon dont on traite les plaintes formulées relativement au dumping en vertu de la Loi antidumping de 1969. Le dumping qu'exercent les exportateurs étrangers ont un effet préjudiciable sur l'Ouest du Canada, car nous avons là un grand nombre de petites entreprises qui risquent d'en souffrir.

Elles n'ont ni les connaissances ni l'argent nécessaires pour entreprendre les recherches qui leur fourniraient les informations dont elles ont besoin pour appuyer les plaintes relatives au dumping. Nous offrons deux suggestions au sujet des mesures antidumping:

- (1) que la Division antidumping du ministère du Revenu national soit plus énergique lors des enquêtes au sujet des réclamations, et
- (2) que le même ministère s'occupe d'obtenir pour le compte des plaignants les renseignements nécessaires pour appuyer les plaintes relatives au dumping.

b) Application des «drawbacks» de douane

Un drawback des droits de douane et des taxes de vente ou d'accise est un rabais de ces sommes lorsque les marchandises importées sont utilisées selon les règlements promulgués en vertu de la Loi sur les douanes, de la Loi sur le tarif des douanes, de la Loi sur la taxe d'accise ou de la Loi sur l'administration financière.

Le tarif des douanes comprend plusieurs articles de drawback qui permettent le remboursement des droits à l'importateur lorsque les matériaux, les appareils ou l'équipement servent à des fins spécifiques. Un drawback de douane peut être reçu lorsque les marchandises sur lesquelles des droits ou des taxes ont été payés sont utilisées ou directement consommées, ouvrées ou attachées à tout article manufacturé ou produit au Canada et exporté à l'étranger. Beaucoup de compagnies de l'Ouest étant petites, elles ne peuvent se permettre d'immobiliser des fonds dans le système du drawback pour une certaine période de temps. Des plaintes ont été exprimées au sujet du temps que nécessite le remboursement des drawbacks. Les petites entreprises sont à court de capitaux; elles sont donc obligées d'avoir un débit aussi régulier que possible. On s'est également plaint de la façon dont on qualifie certains drawbacks.

c) Remises de droits sur l'équipement canadien à être transformé ou réparé à l'étranger

En vertu du Mémoire D5 de la Loi sur l'administration financière, le sous-ministre du Revenu national doit autoriser l'exportation de l'équipement à être transformé ou réparé. Si on ne peut obtenir cette autorisation, la réimportation de cet équipement peut entraîner des droits sur la valeur entière. Cela crée un problème aux compagnies qui sont éloignées des services et des installations des

centres industriels. A l'Ouest du Canada, les services les plus près sont souvent situés aux États-Unis. Nous aimerions que ces règlements soient modifiés de façon à ce que le perceuteur des droits de douane de la région ait le droit d'autoriser l'exportation de l'équipement destiné à être transformé ou réparé.

PÊCHERIES

Programme de construction d'établissements piscicoles

Le premier établissement fédéral non expérimental de ce genre en Colombie-Britannique depuis l'échec, en 1939, des établissements de saumon fut achevé sur la rivière Capilano, en 1972. Les plans originaux de ce projet fédéral semblent avoir été terminés environ cinq ans plus tôt, mais on n'en retirera pas les premiers avantages avant 1975. La construction du deuxième des cinq établissements implantés autour du détroit de Georgia a commencé au début de l'année, mais aucun calendrier ou liste d'emplacements n'a été fourni au sujet des trois autres.

Ce programme, qui est avant tout conçu pour encourager la pêche sportive, profitera également au secteur commercial. Des études préliminaires sur la création d'un établissement destiné au saumon argenté de 10 livres sur la rivière Capilano ont indiqué un rapport bénéfice-coût de 2.0:1 ce qui s'avère être une proposition très rentable.

Selon les biologistes des pêcheries, une augmentation de 25% des prises des saumons argentés et Chinook dans le détroit de Georgia est prévue après la construction de ces cinq établissements. Ce ne sera cependant pas suffisant pour maintenir les prises existantes au rythme actuel de construction. La pêche sportive se développe très rapidement et il importe de ne pas ralentir le rythme d'expansion de cet aspect très important des industries touristiques et récréatives de la province. Nous insistons pour que le gouvernement fédéral fournisse les fonds nécessaires à la construction des trois établissements de pisciculture qui restent à établir et pour qu'ils soient mis en service le plus tôt possible.

Construction de canaux artificiels de pont et installations connexes

Il est généralement admis qu'on n'utilise pas au maximum le potentiel d'élevage du saumon des nombreux lacs et cours d'eau de la Colombie-Britannique. Les canaux de pont sur la Crique Weaver, la rivière Upper Pit, la rivière Seton, la rivière Qualicum et ailleurs ont enregistré un énorme succès. En ce qui concerne uniquement le système de la rivière Fraser, on n'a utilisé ces derniers vingt-cinq ans que 29% de la capacité d'élevage du sockeye. L'utilisation complète du système pourrait produire un supplément de 8.3 millions sockeye ou quelque 643.000 caisses au cours de la prise annuelle.

Le coût de construction d'installations de ce genre n'est pas énorme et les avantages sont tels qu'ils permettent de recouvrer très rapidement les dépenses de capital. La proposition de construction d'un canal de pont sur la

rivière Chilliwack coûterait \$1,177,000 et produirait une proportion de bénéfices par rapport au coût de 12.4:1. Ce même rapport est estimé à 62:1 pour les améliorations de la rivière Nadina.

La Commission du Saumon de la rivière Fraser a annoncé, en décembre 1971, un programme ambitieux pour utiliser au maximum la capacité du système de la rivière Fraser. Le programme entier coûterait environ 14 millions de dollars et procurerait des avantages de plus de 14 millions par an aux pêcheurs (ou plus de 29 millions au prix de gros). Nous pensons cependant que les conditions prévues par la Commission du Saumon de la rivière Fraser sont dépassées. Le Canada devrait pouvoir administrer lui-même ses propres rivières et se réserver tout le bénéfice des améliorations qui y sont faites. Nous ne souscrivons pas à l'idée que des fonds étrangers soient dépensés sur les rivières canadiennes. Il est heureux que le gouvernement des États-Unis n'ait pas versé un montant égal aux fonds canadiens dépensés dernièrement sur la rivière Fraser, ce qui nous permet de terminer les accords actuels permettant aux fonds canadiens seulement d'être dépensés de façon à ce que tous les bénéfices qui en découlent reviennent aux pêcheurs canadiens. Ce concept ne diminue en rien l'importance des améliorations. Bien au contraire, il souligne la nécessité d'un programme canadien hautement prioritaire pour l'amélioration de la rivière Fraser.

Pisciculture

La pisciculture des lacs et des étrangs a été une source importante de protéines dans bien des pays, particulièrement dans les pays asiatiques comme la Chine et le Japon. C'est le gouvernement fédéral qui a reconnu le potentiel de ce genre de pêche lors qu'il a établi en 1969 l'Institut de recherches en eaux douces sur le campus de l'Université du Manitoba et le programme fédéral de pisciculture expérimentale de la truite arc-en-ciel dans les lacs «winterkill» des Prairies. En 1972, le Canada a importé 1,653,000 livres de truites fraîches et congelées, évaluées à \$1,003,000, et 1,791,800 livres d'autres poissons frais et congelés évalués à \$1,274,000.

Le potentiel que représente la pisciculture pour les activités marginales, les réserves indiennes ou autres collectivités isolées en tant que source supplémentaire de revenu et de nourriture exigent que davantage de crédits et d'efforts soient consacrés à ce programme. Les provinces de l'Ouest ont beaucoup de régions, en particulier dans les secteurs du nord et de l'est, où la pisciculture bien administrée pourrait représenter une contribution importante à l'économie locale. L'affectation par le gouvernement fédéral des sommes nécessaires à l'exploitation coopérative du potentiel piscicole du Canada de l'Ouest pourrait constituer une étape importante sur la voie de l'élimination des disparités économiques régionales.

Pêche en haute mer

Des documents préliminaires publiés avant la Conférence des Nations Unies sur le droit de la mer prévue pour l'automne 1973, font état de l'idée largement acceptée de

la division des poissons d'eau salée en trois catégories: espèces anadromes (saumon du Pacifique et autres poissons frayant en eau douce); espèces côtières (plateau et rebord du continent); et les poissons pélagiques. Il est probable que, dans un avenir à long terme, l'organisation et l'exploitation des deux premières catégories relèveront surtout de la juridiction des états côtiers concernés, mais que les poissons pélagiques (composés surtout d'une grande variété de thons) qui sont des espèces qui se déplacent beaucoup, feront probablement l'objet d'accords internationaux. L'océan Pacifique et les mers adjacentes abritent d'énormes réserves de poissons pélagiques, mais les pêcheurs canadiens n'en ont guère profité jusqu'ici et leurs flottilles de pêche s'en sont surtout tenues aux eaux côtières pour lesquelles elles étaient mieux adaptées. Nous recommandons que le gouvernement fédéral entreprenne un programme de recherche et de développement plus positif afin d'explorer plus à fond la réalisation économique du développement de la pêche en haute mer ou en eau profonde et de flottilles de pêche ayant pour base la côte du Pacifique, en accordant une attention spéciale au développement de l'industrie de la pêche sous-marine afin de mieux exploiter ces zones fermées appartenant soi-disant à la Colombie-Britannique, mais presque exclusivement exploitées par les Américains.

La Conférence du Droit de la mer

La participation du Canada à la Conférence sur le Droit de la mer des Nations Unies, qui débutera à New-York, à l'automne 1973, et se poursuivra au printemps 1974 à Santiago du Chili est très importante pour l'avenir de la Colombie-Britannique.

Les provinces de l'Ouest prient instamment le gouvernement fédéral de maintenir la reconnaissance du principe de la gestion des ressources de la pêche sur le plateau continental par les états côtiers et l'exploitation préférentielle de ces ressources par ces mêmes états. Si cette proposition était acceptée, cela signifierait que le Canada devrait réglementer de plus en plus la pêche sur les deux côtes, ce qui nécessiterait un accroissement du nombre de navires de patrouille et d'autres installations ainsi que des effectifs plus nombreux pour leur fonctionnement. Nous insistons pour que tous ces navires et installations nécessaires à la mise en œuvre de tels programmes sur la côte du Pacifique soient achetés, dans la mesure du possible, à des industries de la Colombie-Britannique. La préférence devrait être accordée aux fabricants de cette province.

D'autre part, pour que l'extension de ces zones de pêche aboutisse aux résultats souhaités, la pêche elle-même devrait être exercée par des Canadiens. En conséquence, les provinces de l'Ouest prient instamment le gouvernement fédéral de limiter le transfert de licences des navires de pêche aux Canadiens et de prendre toutes les autres mesures nécessaires pour parvenir à cet objectif.

On demande également que les consultations avec tous les secteurs de l'industrie provinciale de la pêche (gouvernement, industries et main-d'œuvre) aient lieu plus tôt, soient plus poussées et fassent partie intégrante de la politique du gouvernement fédéral dans l'énoncé de ses posi-

tions lors des accords internationaux et que les autorités de la Colombie-Britannique participent à titre de conseillers aux discussions internationales qui suivront.

DÉVELOPPEMENT DE LA MARINE

Dans une lettre du 14 décembre 1972 adressée à l'honorable P. E. Trudeau, la province de la Colombie-Britannique demandait officiellement que le gouvernement fédéral accorde ses subventions pour la construction des navires suivant l'ancien taux de 40 pour cent établi au moment de l'application du programme de 1961, et proposant que cette mesure demeure en vigueur pour une période minimum de sept ans afin de permettre une planification à long terme de l'industrie navale. L'un des objectifs, et non des moindres, qui pourrait être atteint grâce à l'aide accordée à cette industrie serait une augmentation de l'emploi dans une province où le taux de chômage est nettement supérieur à la moyenne nationale. La construction navale en Colombie-Britannique n'a employé, en 1971, que 1,959 ouvriers au total, comparativement à 3,963 en 1962, année où le taux de subvention de 40 pour cent avait entraîné un regain d'activités.

Ce taux original de 40 pour cent a été réduit progressivement et les subventions ne représentent plus maintenant que 17 pour cent, niveau considéré comme insuffisant pour améliorer de façon efficace la position concurrentielle des chantiers navals de Colombie-Britannique.

Le Programme temporaire d'aide à la construction des navires annoncé pour la première fois en novembre 1970 a permis aux chantiers navals de l'Est du Canada d'obtenir certains succès. Ce programme accorde des subventions allant jusqu'à 17 pour cent pour la construction de navires destinés à l'exportation. La Colombie-Britannique n'a cependant pas profité de ce programme, principalement à cause des salaires et des frais de transports qui sont de 20 à 25 pour cent supérieurs à ceux de l'Est. En considération de ce qui précède, il faudrait donc revenir à l'ancien taux de subvention de 40 pour cent pour la construction navale en Colombie-Britannique, ce qui correspondrait ainsi pour les chantiers navals de l'Ouest à une indemnité compensatrice régionale de 23 pour cent par rapport à l'Est (40 pour cent moins les 17 pour cent qui seraient maintenus pour les chantiers de l'Est). La politique des «paiements de péréquation» entre les différentes régions économiques du Canada est un fait bien établi basé sur les nécessités économiques.

Il y a toute raison de croire que les chantiers navals de la côte Ouest, s'ils sont capables de surmonter les obstacles des coûts actuels, pourront améliorer de façon appréciable leur situation présente et contribuer largement à l'économie de la province et de la nation. En dehors des navires traditionnels, les chantiers de l'Ouest ont acquis une grande expérience dans la construction de navires spécialisés, en particulier les remorqueurs, et on devrait développer les possibilités de leur exportation. Comme l'a noté le Conseil des sciences du Canada «cette expérience devrait être exploitée plus largement*». On peut con-

cevoir qu'avec l'aide du fédéral, les chantiers navals pourront se consacrer à des constructions nécessitant des techniques poussées comme les hydroglisseurs, qui sont actuellement en cours de mise au point par la société Bell Aero-Space Canada Limited. Le Conseil des sciences ajoutait également qu'il est assez curieux de constater qu'au Canada, où il existe un programme de subvention pour la construction des navires, il y ait eu aussi peu d'encouragements en ce qui concerne l'équipement des navires. Il nous semble important d'accorder plus d'importance à cet aspect de la technologie maritime... d'autre part les possibilités d'exportation des équipements de navire excèdent probablement largement celles des «coques de navire».*

On devrait également augmenter l'aide aux chantiers navals de l'Ouest pour améliorer leur rentabilité générale. Cette aide a été jusqu'ici minime. Étant donné la tendance à utiliser de plus grands navires pour la navigation en eaux profondes, il serait nécessaire que les chantiers navals des côtes de l'Ouest disposent d'installations pour ces navires.

L'octroi de subventions à l'industrie de la construction navale de la Colombie-Britannique est le premier élément indispensable pour la création d'une marine marchande en Colombie-Britannique. Vu l'importance de plus en plus grande des débouchés non-américains pour les produits canadiens (en particulier ceux de la Colombie-Britannique) on manifeste un intérêt encore pour la création d'une flotte marchande canadienne.

Il existe très nettement des avantages économiques qui profiteraient aux résidents du Canada d'une façon générale et plus particulièrement à ceux de Colombie-Britannique

- (1) création d'emplois;
- (2) développement d'un système de transport intégré pris en charge par le public (ce qui pourrait entraîner une efficacité de l'exploitation, et par là une diminution des frais de transport);
- (3) essor donné à la modernisation et au renouvellement de la construction navale et des chantiers de réparation sur la côte Ouest;
- (4) retour des revenus de la navigation à des compagnies appartenant à des Canadiens, avec une influence positive pour la balance des paiements et les bénéfices des sociétés.

L'absence de participation canadienne dans le transport océanique des produits de la Colombie-Britannique basés sur les ressources naturelles a été mentionnée dans des rapports. Moins d'un pour cent des navires qui ont transporté ce genre de produits étaient en 1970 affiliés à des compagnies canadiennes. Étant donné le volume garanti de trafic pour les ressources naturelles en particulier, il semble logique d'envisager la possibilité d'autres méthodes d'expédition. L'adoption de techniques et d'installations de transports maritimes modernes par une marine marchande transportant une certaine catégorie de produits sur des routes régulières devrait permettre une exploitation

* Background study for the Science Council of Canada, Étude spéciale n° 16, p. 82

* Background study for the Science Council of Canada, Étude spéciale n° 16, p. 82, 83

rentable. Les pratiques actuelles du transport qui encouragent un assemblage centralisé et des dépôts de transbordement localisés dans des ports stratégiques sont certainement en accord avec la création d'une marine marchande utilisant des transporteurs énormes et spécialisés.

Le développement d'un système de répartition efficace contrôlé par des compagnies de propriété canadienne représente un moyen de retirer un avantage économique plus complet de nos ressources. Cet objectif pourrait être atteint grâce à la création d'une marine marchande.

Des subsides d'opération qui pourraient permettre à la marine marchande canadienne d'établir des prix concurrentiels et pourtant maintenir une opération saine est un des moyens de fournir indirectement ce genre de protection. Il ne s'agit pas là de préconiser des subsides injustifiables. Bien au contraire, tout niveau d'assistance devrait implicitement encourager ce degré d'efficacité qui permettrait à la marine marchande d'être une proposition efficace dans des périodes normales d'offre et de demande des services d'expédition.

RÉGIONS SEPTENTRIONALES DE L'OUEST

Les provinces de l'Ouest ont, ces dernières années, pris de plus en plus conscience des besoins non satisfaits et du potentiel économique des régions du Nord. Les quatre provinces se sont particulièrement intéressées au développement économique et à la qualité du développement social du Nord. Chacune d'elles a élaboré ou est en voie d'élaborer des politiques, des mesures et des programmes spéciaux afin d'attirer ou de diriger la participation du gouvernement fédéral vers les régions du Nord.

Les provinces de l'Ouest se soucient du développement de leurs régions septentrionales. Elles ont l'intention d'améliorer le niveau de vie des habitants et de leur assurer une entière participation dans la société canadienne. Ceci s'adresse tout particulièrement à la population indigène qu'on a trop souvent ignorée dans le passé au cours de la mise en valeur du nord.

En ce qui concerne le développement du Nord, les provinces de l'Ouest sont bien d'accord sur les priorités, tant économiques que sociales, que doit donner le gouvernement fédéral et qui sont énoncées dans les «Propositions sur les Régions septentrionales de l'Ouest», rapport qui vient d'être publié par le M.E.E.R. du gouvernement fédéral. Les quatre provinces sont d'accord sur l'objectif de

développement méthodique du Nord avec un maximum de participation locale tant du point de vue des réalisations économiques et sociales que la préservation des ressources naturelles et de l'environnement.

L'évaluation de la politique et l'examen du programme faites par le ministère de l'Expansion économique régionale au cours de l'année précédente permet à chaque province de négocier un accord de développement général incluant des programmes d'expansion comme ceux des «Propositions sur les Régions Septentrionales de l'Ouest». Ces accords seraient de nature bilatérale et tiendraient compte des particularités économiques et sociales de chaque province.

Relever le défi du développement du Nord exige de résoudre les problèmes de transport créés par les distances séparant les centres de population et donc les marchés et les centres d'approvisionnement. On reconnaît à mieux en mieux dans l'Ouest du Canada le besoin de développer un axe important de voies rapides afin de soutenir le futur développement des ressources du Nord dont bénéficiera l'ensemble du Canada.

Comme première étape vers un des points déterminants du développement du Nord, les provinces de l'Ouest proposent la création d'un réseau routier commençant à Winnipeg, traversant la Saskatchewan et l'Alberta à Dawson Creek, et la Colombie-Britannique jusqu'à Prince Rupert pour assurer la liaison avec l'énorme marché des pays du Pacifique. Prince Rupert est un port commercial bien situé, se trouvant environ 500 milles plus près du Japon que Vancouver. Ces prolongements du réseau routier vers le Nord sont essentiels pour la mise en valeur des activités et des développements futurs dans des régions comme celles de Thompson, Flin Flon, Lynn Lake, Uranium City, Gold Fields, Fort McMurray, la vallée du Mackenzie et Fort Smith, Fort Nelson, Fort Simpson, Cassiar et Whitehorse. La construction d'un tel réseau, sans oublier les responsabilités sociales et les dépenses que cela implique, dépasse, et de beaucoup, les moyens financiers des provinces.

Les Premiers ministres des provinces de l'Ouest recommandent au gouvernement fédéral la création d'un comité composé de représentants fédéraux et provinciaux pour déterminer l'emplacement des différents embranchements du réseau, les normes, les coûts et les priorités, en fonction des possibilités en ressources et leur importance pour l'économie nationale. Les provinces prendraient les initiatives en matière de conception technique et d'inspection des travaux de construction sur la base de modalités financières et autres qui resteraient à définir.

PERSPECTIVES DE DÉVELOPPEMENT RÉGIONAL

Ce document a été préparé par le gouvernement du Canada, en prévision de la Conférence sur les perspectives économiques de l'Ouest, qui aura lieu du 24 au 26 juillet 1973, à Calgary. Il s'agit d'une analyse servant de base aux discussions avec les provinces de l'Ouest et aux propositions que le gouvernement fédéral présentera à cette occasion.

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I. CONJONCTURES ÉCONOMIQUES

Avant d'aborder toute analyse de la situation économique de l'Ouest du Canada, on doit tenir compte du fait que cette partie du pays ne forme pas une région homogène. Il s'agit au contraire de diverses régions géographiques, administratives et économiques dont les possibilités et les besoins varient. Tandis que, de façon générale, l'Alberta et la Colombie-Britannique prospéraient (même si les progrès ne se manifestaient pas également dans toutes les régions) le Manitoba et la Saskatchewan accusaient un essor économique moins marqué. A divers degrés, les quatre provinces sont divisées en secteurs ruraux et urbains, qui sont l'objet de changements accusant des contrastes frappants. Il existe également une démarcation entre le nord et le sud: le nord est peu peuplé et connaît de nombreux problèmes sociaux et de développement; le sud est plus peuplé et possède de meilleurs services. Dans l'élaboration des politiques de développement économique pour l'Ouest du Canada, on doit tenir compte de ces facteurs et autres considérations.

1. Principaux indicateurs

Le tableau 1 synthétise les progrès économiques de chacune des provinces de l'Ouest au cours des années soixante, en fonction de la population, la population active, l'emploi, le revenu personnel par habitant et la production brute. Il compare le rendement de l'Ouest avec le reste du

Canada et indique que, de 1961 à 1971, la croissance de l'Ouest a généralement été plus rapide que celle de l'ensemble du Canada et celle des autres régions du pays, à l'exception de l'Ontario. On constate toutefois des différences marquées entre les taux de croissance des quatre provinces de l'Ouest. Au cours de la décennie précitée, la croissance de la Saskatchewan a été relativement lente à tous les égards. Les chiffres pour le Manitoba témoignent d'un taux de croissance inférieur à la moyenne nationale et régionale tandis que le rendement de l'Alberta s'est situé plus ou moins dans la moyenne. Pour sa part, la Colombie-Britannique a pris un essor rapide et son rendement a été, de manière générale, bien supérieur à celui des autres parties du pays, y compris l'Ontario.

La population de l'Ouest du Canada a augmenté de plus de 900,000 habitants entre 1961 et 1971, passant de 4,808,000 à 5,727,000, soit un taux de croissance annuel de 1.9 p. 100. Ce taux est légèrement supérieur à la moyenne nationale, ce qui fait que le rapport entre la population de l'Ouest et celle du Canada est passé de 26.4 p. 100 à 26.6 p. 100. Toutefois, le rapport entre la population du Manitoba et de la Saskatchewan et celle du Canada ainsi que de l'ensemble de l'Ouest a décliné tandis que le rapport équivalait pour l'Alberta et la Colombie-Britannique à augmenté.

Bien que les progrès de l'urbanisation aient été rapides dans l'Ouest au cours des années soixante, le taux d'urbanisation de la région est néanmoins demeuré inférieur à celui de l'ensemble du pays. En 1961, 62.6 p. 100 de la

population de l'Ouest vivaient dans des centres de 1,000 habitants ou plus; le chiffre équivalent pour 1971 est 70.3 p. 100. Pour l'ensemble du Canada, ces chiffres atteignaient 69.6 p. 100 en 1961 et 76.1 p. 100 en 1971.

Le déclin rural, corollaire de l'urbanisation, s'est également manifesté de façon évidente. En Saskatchewan notamment, l'érosion de la population a été très rapide dans bon nombre de régions rurales.

TABLEAU 1
INDICATEURS ÉCONOMIQUES CHOISIS: TAUX DÉCENNAUX D'ÉVOLUTION PAR
PROVINCE/RÉGION, 1961-1971

	Population	Population active	Emploi	Valeur ajoutée répertoriée dans le secteur de la production ^b	Valeur de l'ensemble des expéditions de produits finis ^c	Revenu personnel par habitant	Investissements par habitant	Produit brut national / régional / provincial
	%	%	%	%	%	%	%	%
Canada.....	18.3	32.4	33.4	93.5	101.3	106.2	94.0	134.8
Région de l'Atlantique.....	8.4	18.4	21.9	117.6	91.0	114.7	149.0	128.7
Région du Québec.....	14.6	31.5	33.0	79.4	86.1	103.4	66.4	121.9
Région de l'Ontario.....	23.5	35.3	35.7	96.1	114.6	103.0	101.1	142.5
Région de l'Ouest.....	19.1	33.7	34.3	97.4	91.5	99.6 ^a	90.1	137.5
Manitoba.....	7.2	14.0	14.2	94.1	71.4	105.7	71.8	113.6
Saskatchewan.....	0.1	8.8	9.5	80.0	61.2	72.5 ^a	54.1	118.5
Alberta.....	22.2	35.0	35.0	113.0	97.4	106.2	69.7	134.6
Colombie-Britannique.....	34.1	58.4	60.7	92.0	101.3	96.0	120.5	157.7

^aDans le cas de la Saskatchewan, les chiffres pour 1960-1962 et 1969-1971 constituent des moyennes. Cette méthode a été adoptée pour tenir compte de la très grande vulnérabilité de la Saskatchewan aux fluctuations des marchés internationaux de céréales.

^b1961-1970.

^c1961-1969.

TABLEAU 2
MARCHÉ DU TRAVAIL DE L'OUEST CANADIEN—INDICATEURS CHOISIS, 1961-1972

Année	Population active	Emploi	Chômage	Taux d'activité							
				Taux de chômage		Total		Hommes		Femmes	
				Ouest	Canada	Ouest	Canada	Ouest	Canada	Ouest	Canada
	milliers			%				%			
1961.....	1729	1627	103*	6.0	7.1	54.3	54.1	79.1	79.8	28.6	28.7
1962.....	1765	680	85	4.8	5.9	54.5	53.9	78.5	79.1	29.8	29.0
1963.....	1791	1709	83	4.6	5.5	54.2	53.8	77.9	78.5	30.1	29.6
1964.....	1838	1767	71	3.9	4.7	54.5	54.1	77.8	78.1	30.9	30.5
1965.....	1894	1835	59	3.1	3.9	54.9	54.4	77.8	77.9	31.9	31.3
1966.....	1958	1900	58	3.0	3.6	55.4	55.1	77.7	77.8	32.9	32.8
1967.....	2030	1961	68	3.4	4.1	55.8	55.5	77.4	77.5	34.0	33.8
1968.....	2115	2030	86	4.1	4.8	56.5	55.5	77.5	77.0	35.4	34.4
1969.....	2187	2107	81	3.7	4.7	56.8	55.8	77.5	76.6	36.2	35.2
1970.....	2258	2130	128	5.7	5.9	57.2	55.8	77.3	76.4	36.9	35.5
1971.....	2312	2185	128	5.5	6.4	57.1	56.1	77.2	76.1	36.8	36.5
1972.....	2386	2251	136	5.7	6.3	57.6	56.5	77.3	76.2	37.8	37.1

*Les divergences apparentes du tableau sont dues au fait que les chiffres ont été arrondis.

SOURCE: Statistique Canada, *La Main-d'œuvre*, n° de catalogue 71-001.

Les relevés indiquent que la population active de l'Ouest du Canada a connu une augmentation substantielle au cours de la décennie 1961-1971 (voir tableau 2). Le nombre de personnes actives ou en quête d'un emploi a augmenté de 583,000, soit 33.7 p. cent. Le taux d'accroissement annuel pondéré a atteint 3 p. cent. La croissance a été soutenue durant toutes les années soixante, malgré des fluctuations importantes d'une année à l'autre, de part et d'autre de la moyenne annuelle. Comme le montre le tableau 1, les taux de croissance pour les provinces ont varié considérablement, puisque la population active de la Saskatchewan et du Manitoba n'a augmenté que de 8.8 et de 14 p. cent respectivement entre 1961 et 1971. Par ailleurs, l'accroissement de la population active en Alberta et en Colombie-Britannique a été de 35 et de 58.4 p. cent respectivement.

Le nombre d'emplois dans l'Ouest canadien a également augmenté de façon importante entre 1961 et 1971, passant de 1,627,000 à 2,185,000, soit une augmentation annuelle moyenne de 55,800 emplois (3 p. cent par année). Mais pendant que le taux d'accroissement atteignait 35 p. cent

en Alberta et 60.7 p. cent en Colombie-Britannique au cours de la décennie, la Saskatchewan et le Manitoba n'affichaient que des taux de 9.5 p. cent et 14.2 p. cent respectivement (voir tableau 1).

Les principaux secteurs au sein desquels on a pu enregistrer une croissance du nombre d'emplois ont été les secteurs des services personnels et commerciaux, du commerce, de l'industrie, du transport, des finances, de l'administration et de la construction. Les industries minière et forestière et la pêche ont également connu une certaine croissance. Seul le secteur agricole a accusé un recul dans ce domaine, le nombre d'emplois directement reliés à l'agriculture diminuant considérablement pour passer de 326,000 à 256,000, soit une perte de 70,000 emplois. On ne dispose pas de chiffres comparables pour illustrer l'accroissement de l'emploi par secteur dans chaque province. De façon générale toutefois, il semble que le nombre d'emplois dans le secteur agricole a décliné plus rapidement en Saskatchewan et au Manitoba. Toutefois dans le secteur des services, il a augmenté moins rapidement dans ces deux provinces qu'en Alberta et en Colombie-Britannique.

TABLEAU 3

INVESTISSEMENTS DANS L'OUEST CANADIEN—INDICATEURS CHOISIS, 1961-1971
RÉPARTITION EN POURCENTAGE DE L'ENSEMBLE DES INVESTISSEMENTS PAR SECTEUR

Année	Investissements totaux ^a		Investissements totaux par habitant % du Canada	Total ^b	Industries primaires et construction		Logement, services institutionnels et ministères gouvernementaux		Services d'utilité		Finance, commerce et services commerciaux		Fabrication	
	\$M	% du Canada			Ouest	Canada	Ouest	Canada	Ouest	Canada	Ouest	Canada	Ouest	Canada
					%									
1961.....	3715.7	33.2	125.2	100.0	24.6	15.4	37.1	38.2	23.0	21.6	7.2	9.0	8.6	15.8
1962.....	3803.7	32.0	120.6	100.0	24.4	15.5	38.6	39.2	20.3	19.7	7.2	8.6	9.5	17.0
1963.....	4175.2	32.7	123.4	100.0	26.6	16.2	37.6	38.3	20.9	20.0	7.8	8.6	9.5	16.9
1964.....	4722.5	32.4	122.1	100.0	28.3	16.6	33.5	36.5	20.4	19.8	7.0	8.5	10.8	18.7
1965.....	5551.1	33.1	124.8	100.0	29.3	16.3	31.8	35.5	20.1	19.6	7.1	8.9	11.7	19.7
1966.....	6509.4	33.5	126.4	100.0	28.3	16.5	31.1	33.9	21.9	19.9	6.8	9.1	11.9	20.6
1967.....	6958.4	34.8	131.3	100.0	27.6	16.7	31.4	35.0	23.6	20.8	7.2	9.0	10.2	18.4
1968.....	6997.8	34.2	128.8	100.0	27.4	16.3	32.5	37.3	23.6	21.0	7.3	8.7	9.3	16.8
1969.....	7517.5	33.9	127.3	100.0	27.0	15.8	34.1	37.1	20.8	19.9	7.9	8.3	10.2	17.6
1970.....	7591.6	32.4	121.0	100.0	26.5	15.6	32.1	35.1	22.2	20.7	7.5	8.8	11.8	19.8
1971 ^c	8425.8	32.9	122.7	100.0	27.3	16.5	34.1	37.8	21.3	20.4	6.7	8.2	10.6	17.1

^aInvestissements totaux: dépenses d'immobilisation et d'entretien (construction et machines).

^bComme les chiffres ont été arrondis, ils peuvent ne pas correspondre aux totaux donnés.

^cDonnées préliminaires réelles.

SOURCES: Ministère fédéral de l'Industrie et du Commerce et Statistique Canada, *Investissements privés et publics au Canada, Perspectives et estimations d'ordre régional*, n° de catalogue SC 61-205, divers numéros.

Les investissements dans l'Ouest ont plus que doublé entre 1961 et 1971, augmentant régulièrement pour passer de \$3,715 millions par année à \$8,425 millions (tableau 3). Par rapport à l'ensemble du Canada, les investissements dans l'Ouest sont restés plus ou moins constants, constituant un tiers environ du total national. Le chiffre des investissements par habitant dans l'Ouest est demeuré

bien supérieur à la moyenne; les chiffres régionaux ont varié entre 120.6 et 131.3 p. cent par rapport à la moyenne pour l'ensemble du Canada. Cette situation provient en grande partie du fait que les principaux éléments de la base économique de l'Ouest (mines, forêts, pâtes et papiers, agriculture) misent fortement sur l'emploi de capitaux. Chaque dollar investi dans ces industries contribue

relativement peu à la création d'emplois directs (même si souvent les effets multiplicateurs indirects sont importants). En fait, dans le secteur agricole, les investissements supplémentaires et les progrès technologiques ont entraîné un fléchissement de la courbe d'emploi.

Dans l'Ouest canadien, les dépenses d'immobilisation se sont concentrées dans trois groupes d'industries: l'habitation, les services institutionnels et les ministères gouvernementaux; l'industrie primaire et la construction; et les services d'utilité publique (tableau 3). Chacun des groupes représentait 20 p. cent au moins de l'ensemble des dépenses d'immobilisation. Toutefois, seuls les investissements dans l'industrie primaire et celle de la construction n'ont pas reproduit, à l'échelon régional, la courbe nationale. Les investissements consentis dans cet «ensemble industriel» ont été bien plus importants dans l'Ouest que dans tout le Canada. Le tableau 3 souligne également la faiblesse relative de l'Ouest dans deux autres secteurs, celui de la fabrication d'une part, et celui du commerce, des finances et des services commerciaux d'autre part.

Le tableau 4 témoigne de l'évolution structurelle de l'économie de l'Ouest entre 1961 et 1970, dernière année pour laquelle des données sont disponibles. On peut constater que l'importance relative de l'industrie de production de biens a, en règle générale, diminué au cours des années soixante, à l'exception toutefois de l'industrie minière et de celle de la construction. Bien que, dans le domaine de la production des biens, le secteur manufacturier ait dominé pendant toute la décennie, l'écart qui le sépare de l'industrie minière qui était, en 1970, le deuxième producteur de biens, s'est atténué considérablement passant de 7.5 à 3.8 p. cent. En fonction de la valeur ajoutée, l'exploitation forestière primaire, la pêche, le piégeage et l'énergie électrique ont pris une place relativement peu importante, tant en 1961 qu'en 1970. Contrairement à ce qui s'est produit dans le secteur de la production de biens, le secteur des services a pris de l'ampleur dans l'Ouest du Canada au cours de la décennie se terminant en 1970. Cette situation est conforme au schéma des économies développées et on la retrouve dans l'ensemble du pays.

TABLEAU 4
ÉVOLUTION STRUCTURELLE
OUEST CANADIEN ET CANADA, 1961-1970

Industrie ^a	Valeur nette de la production					
	Ouest canadien			Canada		
	1961	1970	Évolution de l'importance relative de l'industrie, 1961-1970	1961	1970	Évolution de l'importance relative de l'industrie, 1961-1970
	%	%		%	%	
Fabrication.....	15.1	13.2	-1.9	26.3	23.5	-2.8
Construction.....	9.3	9.0	-0.3	7.0	7.2	+0.2
Agriculture.....	8.2	6.7	-1.5	4.5	3.3	-1.2
Mines ^b	7.6	9.4	+1.8	4.4	4.5	+0.1
Forêts.....	2.9	1.5	-1.4	1.7	0.8	-0.9
Énergie électrique.....	2.1	2.0	-0.1	2.1	2.0	-0.1
Pêche.....	0.4	0.3	-0.1	0.3	0.2	-0.1
Piégeage.....	0.1	0.0	-0.1	0.0	0.0	0.0
Production totale de biens.....	45.6	42.1	-3.5	46.3	41.6	-4.7
Services ^c	54.4	57.9	+3.5	53.7	58.4	+4.7
Produit régional brut....	100.0	100.0	—	100.0	100.0	—

^aPar ordre de valeur nette de production ou de valeur ajoutée dans l'Ouest du Canada en 1961.

^bD'après des données préliminaires.

^cChiffres résiduels obtenus en soustrayant la valeur ajoutée par industrie productrice de biens du PRB.

SOURCE: Statistique Canada, *Relevé de la production, 1970*, n° de catalogue 61-202; et des données non publiées sur le produit provincial brut provenant des provinces de l'Ouest.

La comparaison des structures économiques de l'Ouest du Canada et de l'ensemble du pays révèle à la fois d'étroites ressemblances et des différences majeures. Sur le plan des ressemblances, on trouve par exemple les rap-

ports entre les industries de la production de biens et des services, la place prépondérante de l'industrie de la fabrication au sein du secteur de la production de biens et le déclin de l'importance relative de la fabrication au cours

des années 1960. Au nombre des différences, on compte tout particulièrement la structure du secteur de la production de biens. La fabrication occupait une place beaucoup plus importante au Canada que dans l'Ouest, entre 1961 et 1970. Inversement, trois industries primaires, soit l'agriculture, les mines et les forêts, comptaient davantage dans l'Ouest que dans l'ensemble du Canada.

Le secteur de la fabrication, dans l'Ouest du Canada, ne génère que peu d'emplois et est fortement axé sur les ressources. Il est concentré dans les régions urbaines et constitué surtout de petites entreprises. Encore une fois, bien sûr, il existe des différences dans la région, notamment en ce qui a trait au taux de croissance de l'emploi. En ce qui touche l'Ouest dans son ensemble, ce taux dans le secteur de la fabrication a pratiquement toujours épousé celui du pays. Cependant, l'accroissement du nombre d'emplois dans le secteur précité a été plus lent au Manitoba et en Saskatchewan, que dans l'ensemble de la région ou du pays, alors qu'en Alberta, cet accroissement a été plus rapide (tableau 5). En Colombie-Britannique, le taux de croissance des emplois dans le secteur de la fabrication a à peu près suivi ceux de la région et du pays.

L'Ouest compte 27 p. cent de la population canadienne mais ne fournit que 15 p. cent du total des emplois dans la fabrication et 16 p. cent de l'ensemble des expéditions. A cet égard, les données touchant chaque province de l'Ouest apparaissent au tableau 6. Les activités de fabrication ne sont pas proportionnelles à l'importance relative de la population dans aucune de ces provinces. En revanche, l'Ontario qui comptait 35.7 p. cent de la population du Canada en 1970 a fourni 52.3 p. cent de tous les emplois manufacturiers du pays et 51.8 p. cent de toutes les expéditions.

TABLEAU 5

TAUX DE CHANGEMENT DANS LES EMPLOIS
ET LES EXPÉDITIONS DU SECTEUR DE LA
FABRICATION, 1961-1970

Région	Emplois	Expéditions
	%	%
Manitoba.....	16	76
Saskatchewan.....	9	64
Alberta.....	29	103
Colombie-Britannique.....	21	95
Ouest.....	21	91
Canada.....	21	98

SOURCES: Statistique Canada: *Industries manufacturières du Canada*, 1961, n° de cat. 31-207, 31-208; *Industries manufacturières au Canada—vue générale*, Vol. 1: *Industries par province* n° de cat. 31-203.

Un autre trait caractéristique du secteur de la fabrication dans l'Ouest du Canada est le montant relativement peu élevé des investissements de capitaux dans la fabrication. En 1961 à 1971, la moyenne annuelle des investissements dans le secteur manufacturier de l'Ouest n'a atteint que 3.9 p. cent des investissements à l'échelle du pays. Ce pourcentage indique un niveau d'investissements par habi-

tant se situant à précisément 28.7 p. cent sous la moyenne nationale. On doit noter ici, encore une fois, que la moyenne pour l'Ouest ne reflète pas fidèlement le vrai visage des quatre provinces; en effet, alors que le Manitoba, la Saskatchewan et l'Alberta étaient continuellement sous la moyenne nationale par habitant, la Colombie-Britannique se maintenait constamment au-dessus de celle-ci.

TABLEAU 6

POPULATION, EMPLOIS DANS LE SECTEUR
DE LA FABRICATION: CONTRIBUTION
DES PROVINCES DE L'OUEST AUX
TOTAUX NATIONAUX, 1970

Région	Emplois	Expéditions	Population
	%	%	%
Manitoba.....	3.0	2.7	4.6
Saskatchewan.....	0.9	1.1	4.4
Alberta.....	3.1	4.1	7.5
Colombie-Britannique.....	7.6	8.1	10.0
Ouest.....	14.6	16.0	26.5

SOURCE: Statistique Canada.

L'activité de fabrication dans l'Ouest repose fortement sur les ressources. C'est ainsi qu'en 1961 et 1970, par rapport à l'ensemble du secteur de la fabrication, les emplois dans la fabrication axée sur les ressources représentaient, au Canada, respectivement 39.3 et 37.4 p. cent, tandis que dans l'Ouest ces pourcentages atteignaient 64.8 et 57.7 p. cent. La quote-part de fabrication basée sur les ressources était particulièrement importante en Colombie-Britannique et en Saskatchewan où elle représentait environ les deux tiers du total des emplois manufacturiers. En Alberta, on estime qu'entre 50 et 60 p. cent des emplois manufacturiers étaient orientés vers les ressources. Au Manitoba, les emplois de la même catégorie atteignaient 40 p. cent du total, soit une proportion à peu près égale à celle de l'ensemble du Canada. Pour situer le tout dans un certain contexte, il faut noter qu'au cours des deux dernières décennies où l'expansion a été rapide dans les secteurs des mines, de l'énergie, des forêts et de l'agriculture, le traitement et la transformation des ressources ont pris beaucoup d'ampleur dans l'Ouest et assurent à la région, particulièrement à l'Alberta et à la Colombie-Britannique, une assise économique solide qui, toutefois, nécessite une plus grande diversification.

La fabrication basée sur les ressources y a été dominée par les industries des aliments et boissons et celle du bois; chacune d'elles assure environ un tiers du total des emplois axés sur les ressources. L'industrie du papier et produits connexes représente une part additionnelle de 15 p. cent des emplois dans le secteur précité. Les composantes industrielles les plus importantes du groupe des aliments et boissons sont les produits de la viande et de la volaille, les produits laitiers, les produits de boulangerie, le poisson et divers autres aliments.

Les activités de fabrication secondaire de l'Ouest visent principalement le marché régional. Au cours des dernières années, les principales sources de nouveaux emplois ont été les industries métallurgiques, ainsi que le groupe de l'imprimerie, de l'édition et des industries connexes. Quoique de nombreuses industries et entreprises de l'Ouest vendent leurs produits à l'extérieur de la région, l'Ouest a, de façon générale, importé plus de produits secondaires ouverts qu'il n'en a exportés.

D'après les plus récentes données disponibles, la plus grande partie de l'activité manufacturière dans les quatre provinces de l'Ouest est concentrée dans les secteurs urbains. Par exemple, Winnipeg comptait, en 1970, 81 p. cent du total des expéditions de produits finis au Manitoba et 80 p. cent des emplois manufacturiers (tableau 7). Au cours de cette même année, Regina et Saskatoon comptaient ensemble 56 p. cent des expéditions de produits finis en Saskatchewan ainsi que 50 p. cent des emplois manufacturiers. Dans le cas de Calgary et d'Edmonton (Alberta) ces chiffres atteignaient 66 et 67 p. cent et, dans le cas de Vancouver et de Victoria (Colombie-Britannique) 53 et 52 p. cent. On peut conclure d'après les données du tableau 7 que la croissance dans le domaine manufacturier, au cours des dernières années, a été plus rapide dans les régions non urbaines que dans les régions urbaines, malgré le rôle prépondérant qu'ont joué ces villes dans chaque province. Le tableau indique en outre qu'au début des années soixante-dix dans toutes les provinces de l'Ouest à l'exception de la Colombie-Britannique, la proportion des activités de fabrication dans chaque région urbaine était plus élevée que leur part de la population dans la province en cause.

TABLEAU 7

ACTIVITÉS DE FABRICATION ET APPORT
DÉMOGRAPHIQUE, PAR PROVINCE DE L'OUEST
ET RÉGION URBAINE:

1961 et 1970-1971

	Expéditions		Emplois	Popula- tion	
	1961	1970	1961	1970	1971
	%	%	%	%	%
Manitoba					
Winnipeg.....	88	81	84	80	55
Saskatchewan					
Regina.....	30	27	25	23	15
Saskatoon.....	29	29	25	27	14
Alberta					
Calgary.....	30	28	29	28	25
Edmonton.....	46	38	42	39	30
Colombie-Britannique					
Vancouver.....	50	50	49	49	50
Victoria.....	4	3	4	3	9
Canada					
régions urbaines.....	60	58	59	56	51

SOURCES: Statistique Canada: *Industries manufacturières du Canada: Répartition géographique*, 1961, n° de cat. 31-209; *Recensement annuel des fabricants: Bulletin provisoire*, 1970; *Recensement du Canada*, 1971.

Depuis toujours, l'industrie manufacturière de l'Ouest est caractérisée par de petits établissements qui non seulement souffrent de l'absence d'économies d'échelle mais présentent des risques de faillite plus élevés que la moyenne. Il existe plusieurs façons de mesurer l'importance d'un établissement. La méthode utilisée pour dresser le tableau 8 est arbitraire mais généralement acceptable; elle fait la distinction entre les établissements qui comptent 14 employés ou moins et ceux qui en comptent 15 ou plus. On peut voir ainsi qu'en 1961 et en 1970 le nombre moyen des petits établissements du secteur manufacturier de chacune des provinces de l'Ouest était proportionnellement supérieur à celui de l'ensemble du Canada. En 1970, la moyenne des petits établissements était de 67 p. cent dans l'Ouest, tandis qu'elle n'atteignait que 59 p. cent pour l'ensemble du Canada. Comme l'indique le tableau 8, le nombre des petits établissements a diminué dans l'Ouest et dans l'ensemble du Canada, mais le fait est moins apparent dans l'Ouest, particulièrement au Manitoba et en Saskatchewan.

TABLEAU 8

RAPPORTS ENTRE LE NOMBRE DE PETITS
ÉTABLISSEMENTS MANUFACTURIERS ET LE
NOMBRE TOTAL D'ÉTABLISSEMENTS PAR
PROVINCE DE L'OUEST, 1961 et 1970

	Nombre d'établissements		% des petits établissements par rapport au nombre total	
	1961	1970	1961	1970
			%	%
Manitoba.....	1,476	1,350	66	62
Saskatchewan.....	710	737	77	74
Alberta.....	1,628	1,813	73	68
Colombie-Britannique..	3,646	3,253	71	66
Ouest.....	7,460	7,153	71	67
Canada.....	33,357	31,928	65	59

SOURCES: Statistique Canada: *Industries manufacturières du Canada: Forme d'organisation et taille des établissements*, 1961, n° de cat. 31-21 et *Recensement annuel des fabricants, Bulletin provisoire*, 1970.

2. Aperçu du rendement économique

Globalement, l'économie de l'Ouest canadien s'est bien comportée au cours des années soixante. La région a dépassé à la fois l'ensemble du pays et les autres régions sauf l'Ontario, en ce qui a trait au taux d'évolution de principaux indicateurs, soit la population, la population active, l'emploi et la production brute. Sa structure a subi de profonds changements causés par un ensemble de facteurs dont la migration rurale-urbaine, les mouvements démographiques interprovinciaux, les progrès de la technologie, les nouvelles techniques de production (notamment dans les domaines de l'agriculture et de la transformation des ressources) et les investissements massifs en vue de l'

mise en valeur de nouvelles ressources comme le pétrole et le gaz, la potasse et, plus récemment, la houille.

L'économie de l'Ouest canadien se caractérise par un développement et des changements rapides, les activités étant surtout axées sur l'exploration, le développement et le traitement des ressources, principaux facteurs de progrès. L'économie fait preuve d'un haut degré de rendement et s'adapte aux conjonctures et aux pressions économiques. Étant donné la faible densité de la population et les grandes distances, tant à l'intérieur de la région qu'entre la région et les autres centres peuplés de l'Amérique du Nord, la croissance économique dans son ensemble a eu tendance à fluctuer au gré de la demande appliquée aux secteurs des ressources naturelles.

La capitalisation soutenue de l'industrie de l'agriculture a réduit le taux de création d'emplois en Saskatchewan à un point tel que la population y est demeurée à peu près stable au cours des années soixante et a même diminué au cours de 1969, 1970, 1971 et 1972. Un phénomène semblable s'est produit au Manitoba, mais les répercussions sur l'économie de la province ont été légèrement moins marquées qu'en Saskatchewan, surtout à cause de la capacité qu'a la vaste région métropolitaine de Winnipeg de créer des emplois dans le domaine de l'industrie et des services et à cause de la création d'emplois supplémentaires dans les industries du nord de la province axées sur les ressources. Aussi, l'image d'une région de l'Ouest prospère et dynamique ne s'appliquait en définitive, au cours de la dernière décennie, qu'à l'Alberta et à la Colombie-Britannique et, au sein même de ces provinces, qu'aux centres importants comme Calgary, Edmonton et Vancouver.

Dans l'Ouest canadien, il semble donc que la croissance soit marquée par une tendance accélérée à la concentration dans les principaux centres urbains de l'Alberta et de la Colombie-Britannique. Si cette tendance se poursuit, il deviendra de plus en plus difficile de maintenir une activité viable non axée sur les ressources en Saskatchewan et au Manitoba, surtout dans le contexte de l'économie du nord de l'Ontario qui croît très lentement et doit, de façon générale, faire face à une migration vers l'est et vers l'ouest. De même, Winnipeg exercerait de plus en plus difficilement son rôle traditionnel de centre de distribution financier et commercial.

La dualité d'ensemble de la croissance de l'Ouest tout entier recoupe, au sein de chaque province, une certaine dualité entre les régions rurales qui luttent pour préserver les petites localités viables, et les agglomérations urbaines. Les agglomérations urbaines sont au Manitoba et en Saskatchewan les points convergents de la migration rurale. En Alberta et en Colombie-Britannique, elles prennent rapidement de l'ampleur du fait de la migration en provenance à la fois de l'extérieur ou des régions rurales de la province.

C'est en fonction des besoins en matière de diversification et d'équilibre que l'on peut le mieux définir les défis que présente une politique de développement régional dans l'Ouest. Tout au long des années soixante, le secteur de la

transformation est demeuré relativement restreint, orienté vers les marchés locaux et régionaux et assez peu diversifié. L'Ouest dépend encore fortement de la mise en valeur des ressources, de la transformation des ressources primaires, du commerce avec d'autres régions et pays et de l'importation de nombreux produits industriels et de consommation essentiels. Plus précisément, la région «exporte» une grande partie de ses céréales, de ses bestiaux, de son pétrole, de son gaz, de ses minerais et de ses produits forestiers, tandis qu'elle «importe» la plupart de ses machines, vêtements, appareils, véhicules, etc.

La préoccupation sans cesse croissante que suscitent les difficultés particulières éprouvées par les populations des régions septentrionales de chaque province, vient ajouter un élément à ce tableau de la situation socio-économique des quatre provinces de l'Ouest. Partout dans les régions du nord-ouest, la dichotomie est la même: des revenus élevés et une forte mobilité dans les centres de ressources; une misère extrême et une immobilité relative dans les autres localités. Dans certains cas, une exploitation accrue des ressources risque d'aggraver la situation à laquelle doivent faire face les habitants défavorisés des régions rurales et des zones septentrionales reculées de ces provinces.

Toutefois, l'évolution de la situation du commerce international, la demande accrue de matières premières et de produits dérivés des ressources et l'évolution de la région elle-même permettent de croire que le défi peut être relevé. Les possibilités qui existent permettent d'atténuer les motifs d'inquiétude, car si elles sont exploitées grâce aux efforts conjoints du secteur public et privé, elles se traduiront par une économie régionale équilibrée et diversifiée.

Le marché régional pour les quatre provinces de l'Ouest compte maintenant plus de cinq millions d'habitants dont plus de la moitié vivent dans sept centres urbains. Le développement de cette base de marché stimule déjà l'industrie régionale des services, mais cette possibilité de développement régional ne fait que commencer à prendre forme. Grâce aux systèmes de transport et de communication rapides et efficaces à l'intérieur de la région, il existe des possibilités de diversifier et d'étendre les assises économiques de l'Ouest du Canada en répondant aux exigences de ses centres urbains prospères et dynamiques.

Les ressources agricoles, forestières et piscicoles, combinées aux ressources non renouvelables considérables de la région, continueront à fournir une base pour l'accroissement de l'emploi et de la production. Les possibilités semblent importantes, surtout dans le secteur du traitement des produits primaires, de la fabrication d'articles dérivés de ces produits, de la fabrication du matériel et de l'équipement nécessaires à la prospection, la production et le traitement, et dans le secteur des services reliés à ces industries. Le défi consistera à tirer le maximum de bénéfices et à réaliser une croissance équilibrée et stable à partir des possibilités offertes. Un effort spécial devra être fait pour que la Saskatchewan et le Manitoba participent d'une façon significative à la croissance économique de l'Ouest et pour que celle-ci se reflète dans les zones rurales et les petits centres urbains viables.

II. INITIATIVES DE DÉVELOPPEMENT

L'existence d'inégalités économiques et sociales est connue depuis longtemps au Canada; tout aussi longue est l'histoire des efforts entrepris par le gouvernement fédéral pour éliminer ces inégalités ou pour atténuer leurs effets. Les efforts nationaux ont varié de l'aide à des industries précises, comme l'agriculture, aux paiements de péréquation fédéraux-provinciaux.

Bon nombre des efforts visant à atteindre une croissance économique équilibrée ou à en répartir les retombées ont porté sur des mécanismes de transfert. Le gouvernement fédéral a été l'agent par l'entremise duquel les richesses nationales ont été réparties ou canalisées, afin d'assurer des services publics de qualité supérieure partout au pays. De nombreux programmes fédéraux ont été mis sur pied et appliqués à des problèmes précis ou à des secteurs géographiques particuliers du pays. Le programme de l'Administration du rétablissement agricole des Prairies (ARAP) en est un exemple de longue date. Par ailleurs, au cours de la dernière décennie, on s'est davantage efforcé de réduire les disparités régionales en stimulant les investissements des industries privées dans les régions à faible croissance.

En même temps, les gouvernements provinciaux appuyaient ou encourageaient la croissance économique par divers moyens. Des plans de développement fédéraux-provinciaux ont été conçus en s'appuyant sur des programmes comme le Fonds de développement économique rural (FODER). Les résultats des plans et des efforts fédéraux-provinciaux axés sur certaines régions spécifiques se sont entre autres concrétisés par l'Entente de développement pour la région d'Interlake au Manitoba et des programmes de développement rural pour l'ensemble de l'Ouest, en vertu de la Loi sur l'aménagement rural et le développement agricole (ARDA).

En 1969, bon nombre des organismes et programmes fédéraux chargés d'atténuer les disparités régionales ont été rassemblés sous l'égide du ministère de l'Expansion économique régionale. Le ministère entreprit ensuite de concentrer et de coordonner les efforts régionaux du gouvernement fédéral. Une série de nouvelles ententes fédérales-provinciales a été conclue et des fonds supplémentaires ont été octroyés. Au nombre des nouveaux programmes touchant tout particulièrement l'Ouest du Canada, on compte le Programme ARDA spécial (pour les autochtones) et celui des Centres de services agricoles, administré par l'ARAP.

Une révision en profondeur du travail du ministère de l'Expansion économique régionale a été amorcée en 1972, afin de déterminer si ses politiques et programmes répondaient toujours aux besoins, compte tenu de leur évolution. Suite à cette révision, une série de rapports ont été déposés à la Chambre des communes et publiés au cours du mois de juin 1973. Les 16 documents de travail comprennent des analyses intitulées *Les programmes de développement régional*, *Les programmes de développement régional par province*, et une *Évaluation du programme de subventions au développement régional*, ainsi que des documents particuliers sur les situations économiques

et les possibilités de développement de chaque province (sauf l'Île-du-Prince-Édouard), la région de l'Atlantique, la région de l'Ouest et un vaste secteur traversant les provinces de l'Ouest, arbitrairement délimité aux fins d'analyses et appelé Région nord-ouest. Ces documents renferment beaucoup plus de renseignements que les courus exposés d'appoint rédigés pour la Conférence sur les possibilités économiques de l'Ouest. On peut en obtenir des exemplaires en s'adressant au ministère de l'Expansion économique régionale.

Les documents ont été élaborés en guise de contribution aux consultations fédérales-provinciales sur la politique de développement régional au Canada. Celles-ci ont été amorcées avec chaque province par l'honorable Don Jamieson, ministre de l'Expansion économique régionale, en mai et en juin de cette année. Il s'en est suivi des discussions approfondies qui se poursuivent présentement au niveau des hauts fonctionnaires. On s'attend à ce que ces pourparlers débouchent sous peu sur un effort fédéral-provincial beaucoup plus efficace en vue de résoudre les problèmes économiques régionaux.

La Conférence sur les perspectives économiques de l'Ouest devrait compléter en quelque sorte les consultations présentement en cours sur l'orientation future de la politique de développement régional dans l'Ouest. D'après les analyses et les consultations menées jusqu'à maintenant, il est évident qu'une approche plus coordonnée et plus souple s'impose. Les programmes régionaux de l'Ouest doivent tenir compte d'un ensemble varié de possibilités et de conjonctures économiques.

Les mesures visant à relever les défis que pose le développement régional doivent être à la mesure des besoins et des possibilités. Jusqu'à ce jour, le souci d'appliquer des politiques ou normes nationales a restreint la portée de nombreuses activités. La planification et l'administration des programmes étaient souvent trop éloignées de la région où ils étaient mis en application. On a abordé les problèmes en fonction des programmes disponibles plutôt que des solutions nécessaires. Souvent, la nature du développement économique exige des solutions complexes et intégrées que ne peuvent comporter des programmes à objectif unique.

Collaboration fédérale-provinciale en matière de développement

Le ministère de l'Expansion économique régionale, dans le cadre de ses consultations avec les gouvernements provinciaux, propose:

- qu'on mette davantage l'accent sur des initiatives fédérales-provinciales coordonnées de développement;
- qu'on élabore une approche multidimensionnelle qui serait appuyée par les nombreux programmes et politiques, tant du gouvernement fédéral que des administrations provinciales;
- qu'on reconnaisse les différences régionales et les besoins de développement, en faisant preuve de plus de sens pratique dans la promotion des possibilités de développement.

L'intention du gouvernement de décentraliser davantage la planification et l'administration du ministère de l'Expansion économique régionale a été annoncée dans le discours du Trône, en janvier dernier. Les principes fondamentaux de cette décentralisation ont été arrêtés et bientôt la mise en œuvre sera en cours. On prévoit ainsi raffermir la capacité du ministère de l'Expansion économique régionale et du gouvernement fédéral dans son ensemble de travailler de concert avec les administrations provinciales à stimuler le développement économique dans toutes les parties du Canada, y compris l'Ouest.

L'approche multidimensionnelle repose sur le fait qu'une possibilité de développement présente bien des facettes. Elle vise à assurer la coordination essentielle des ressources, tant publiques que privées, qui peuvent être utilisées pour exploiter les possibilités. Elle offre l'occasion d'entreprendre ou d'appuyer de grandes initiatives de développement qui exigent que des décisions ou des mesures soient prises par diverses personnes et différents organismes.

Dans l'Ouest du pays, par le biais de l'approche multidimensionnelle, on reconnaîtrait que les besoins en matière de développement de la Colombie-Britannique sont tout à fait différents de ceux de la Saskatchewan, et que, si une subvention à l'industrie peut s'avérer nécessaire pour favoriser un projet au Manitoba, le même résultat peut être atteint en ajustant les tarifs de transport en Alberta.

Par ailleurs, en ayant recours à un programme précis destiné à promouvoir l'implantation de nouvelles usines de fabrication, on contribuera peut-être à accroître les activités de transformation des produits agricoles dans l'Ouest. Par l'approche multidimensionnelle, on estime que le succès peut tout aussi bien reposer sur un approvisionnement suffisant de matières premières, et un appui approprié au titre du financement pour l'agriculteur, l'usine de transformation et le réseau de commercialisation. Des modifications aux services et installations de transport, d'entreposage et de distribution peuvent également se révéler nécessaires parallèlement à une vigoureuse politique de mise en marché au plan national ou international. Les entreprises de transformation prospères doivent prévoir une période de temps considérable pour se développer et répondre à leurs besoins

au chapitre des approvisionnements, des marchés et du financement.

L'utilisation intégrée de nombreux programmes actuels, tant fédéraux que provinciaux, devrait permettre de favoriser un accroissement de la transformation. A cet égard, on pourrait miser sur les pouvoirs de statuer, de modifier des règlements existants et de financer des projets que possèdent les divers paliers de gouvernement. Il est fort possible que, de temps à autre, les programmes actuels ne suffisent pas. On pourra alors envisager de mettre sur pied de nouveaux programmes ou de modifier ceux qui existent déjà de façon pragmatique.

Les investissements du secteur privé constituent la base de notre système. Cependant, même si l'attrait de profits plus intéressants oriente souvent des investisseurs dynamiques ailleurs, il n'en reste pas moins que des possibilités viables existent dans nombre de régions au Canada. Le gouvernement a instauré des stimulants pour encourager les investisseurs privés à exploiter ces possibilités. Le gouvernement a souvent investi en l'absence d'une participation ou d'un intérêt de la part du secteur privé. Au Canada, on a conçu un vaste éventail d'institutions de financement des entreprises, de stimulants à l'investissement et de soutiens à l'industrie. Par une approche multidimensionnelle au développement, on s'efforcera d'utiliser toutes les ressources disponibles et, au besoin, on fournira un moyen concret de déterminer la nécessité de prendre de nouvelles mesures institutionnelles et d'élaborer des formes supplémentaires d'appui.

Les documents de travail qui ont été rédigés sur les situations et les possibilités économiques de l'Ouest du Canada laissent entrevoir la possibilité de nouvelles initiatives en matière de développement. C'est en s'inspirant en grande partie de ces documents que les présentes consultations se poursuivent. On élabore actuellement de nouvelles approches au développement avec chacune des provinces et on prévoit que, dans un avenir prochain, les administrations fédérale et provinciales relanceront et accentueront leurs efforts en vue d'édifier des assises commerciales et industrielles plus solides et plus viables dans l'Ouest du Canada.

LA POLITIQUE FÉDÉRALE D'ACHAT ET L'EXPANSION RÉGIONALE

Document préparée pour la
Conférence sur les perspectives économiques de l'Ouest
par
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Canada

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LE PROBLÈME

Chaque année, le gouvernement fédéral achète, à de petites ou grandes entreprises privées, des biens et services d'une valeur d'environ deux milliards de dollars. Bien que ce chiffre semble minime par rapport à notre PNB de 100 milliards de dollars, il n'en reste pas moins que le pouvoir d'achat du gouvernement fédéral, en augmentant la masse salariale et la production, a d'importantes répercussions économiques.

Certains se sont inquiétés de ce que les retombées économiques de ces achats n'étaient pas réparties de façon équitable entre les diverses régions du pays. Or, comme les statistiques actuelles sont établies selon le point de vente des produits et non selon leur point de fabrication, nous pouvons savoir quels peuvent être les bénéfices à l'échelle des régions. Il reste cependant si l'on se fonde sur les statistiques ventilées par points de vente, que près de 80% du volume des achats effectués au Canada, au cours de ces dernières années, par le ministère des Approvisionnements et Services pour le compte du gouvernement fédéral ont été faits en Ontario et au Québec, alors que les huit autres provinces réunissaient un peu plus de 20% de ces achats (voir Annexe).

Ce déséquilibre est dû à une conjonction de plusieurs facteurs. Le plus important est sans doute la concentration des entreprises canadiennes dans le «couloir Montréal-Windsor», où est située, en outre, la Capitale nationale. Cette concentration régionale explique l'existence d'un certain nombre d'éléments (proximité, renseignements sur les besoins, connaissance des employés, accès plus facile et moins coûteux, etc.) qui entravent la répartition géographique plus générale des achats du gouvernement. Il arrive qu'un cahier des charges stipule qu'une commande doit comporter un élément qui n'est disponible que dans le Centre du pays (même si d'autres régions

peuvent fournir des éléments équivalents). Dès lors, si le produit est destiné à la région du Centre, les fournisseurs de Halifax ou de Vancouver se voient dans l'obligation d'assumer des frais de transport dans les deux sens. D'autre part, vu les courts délais imposés, il est souvent impossible de faire appel à des soumissionnaires situés à l'extérieur d'un rayon de 300 milles d'Ottawa. En outre, lorsque les ministères clients ne précisent pas quel sera le point d'utilisation finale des biens requis, on ne tient pas compte bien souvent des frais de transport internes que le gouvernement doit acquitter. C'est cette conjoncture qui explique le déséquilibre actuel des achats.

LES INITIATIVES RÉCENTES

Le Livre blanc «La défense dans les années 70» a soulevé la question du déséquilibre entre les régions en ces termes:

«Les dépenses pour la défense constituent une part importante des dépenses totales du gouvernement fédéral et ont une influence considérable sur l'économie canadienne. Ces dépenses qui représentent, en grande partie, les soldes versées aux militaires, les traitements payés aux fonctionnaires et divers paiements pour biens et services ont nettement favorisé la croissance économique du Canada.

Bien que la solde des militaires et le salaire des employés civils soient décentralisés, et cela au profit de l'économie de chaque province, les achats de matériel militaire et autres fournitures ont eu tendance à se concentrer dans les régions les plus industrialisées du pays. Dans un avenir prévisible, le plus gros des achats au titre de la défense continueront de se faire dans ces régions industrialisées. Mais afin d'aider le gouvernement à atteindre son objectif d'équilibre économique régional on encouragera une décentralisation plus poussée des achats militaires dans toutes les régions du Canada, chaque fois que cela sera possible dans le cadre d'une efficacité économique à long terme».

Par sa décision du 23 mai 1973 touchant l'impartition au secteur privé des travaux de Recherche et de Développement, le Cabinet a montré à nouveau qu'il était conscient de la nécessité de répartir les achats du gouvernement entre les régions. En annonçant cette décision, le 29 septembre 1973, mon prédécesseur déclarait:

«... un des éléments importants de cette nouvelle politique touche la répartition des travaux de Recherche et Développement entre les diverses régions du pays.

Afin de mettre cette politique en pratique, le gouvernement a tout spécialement chargé mon Ministère de s'assurer que toutes les régions du pays puissent en tirer profit, et plus particulièrement de ne pas concentrer les contrats de Recherche et Développement dans les deux principales régions industrielles du pays.

La décision du gouvernement à ce sujet demande également à notre politique de Recherche et Développement d'amener la création de nouvelles installations de recherche et de développement industriels dans des régions qui n'ont pas jusqu'à présent participé à ce genre de travaux.

Cette politique de décentralisation en la matière contribuera à créer de nouveaux centres d'excellence à travers le Canada.»

Le Livre vert sur les «Principes directeurs d'une politique téléinformatique», du 22 mars 1973, souligne à nouveau l'intérêt que porte le Cabinet à cette question:

«... le gouvernement fédéral tiendra compte, en créant un milieu favorable au développement du secteur, de ses incidences sur l'équilibre de l'expansion socio-économique de la nation...»

Le gouvernement a officiellement reconnu le nouveau rôle des achats du gouvernement dans les Prévisions budgétaires de 1973-1974, où il expose l'objectif du Programme d'approvisionnement en ces termes:

«Acquérir et fournir, au coût le plus bas, les biens et services connexes, compte tenu du rôle que les achats sont appelés à jouer dans la réalisation des objectifs nationaux.»

En plus de ces déclarations de principe qui ne précisent aucun plan d'action ou d'évaluation spécifique, le gouvernement a pris des mesures concrètes en vue d'augmenter les achats dans ces régions. La directive du Conseil du Trésor n° 686953 (du 25 avril 1969), qui porte sur les soumissions identiques reçues en réponse aux appels d'offres en régime de concurrence, stipule que:

«(1) On doit plutôt accorder la préférence aux soumissionnaires dont les installations de fabrication sont situées dans une région désignée ou spéciale.»

Le 1^{er} avril 1973 le Ministre des Approvisionnements et Services, a mis sur pied un projet pilote visant à évaluer les avantages et désavantages de procédures pour adjudger certains contrats sur une base franco usine plutôt qu'au point de livraison. Les mesures spécifiques seront:

«a) le gouvernement devra faire entrer en ligne de compte les frais de distribution au point d'utilisation finale, de même que le prix de revient de la marchandise lorsqu'il s'agira d'arrêter le choix d'un fournisseur; celui-ci devra, de préférence, être situé

le plus près possible de l'utilisateur final, si l'on veut réduire les frais de distribution;

b) lorsque les marchandises seront destinées aux provinces de l'Atlantique ou de l'Ouest, le gouvernement devra s'adresser à des fournisseurs de ces régions, à moins qu'il soit plus avantageux quant au coût global de s'adresser à d'autres fournisseurs canadiens; pour ce qui est des commandes d'intérêt national, et notamment celles destinées à la région de la Capitale nationale, les fournisseurs de toutes les régions du Canada pourront entrer en ligne de compte;

c) afin de permettre au gouvernement d'avoir une idée précise des conséquences qu'entraînera l'adjudication de contrats franco usine, le ministère des Approvisionnements et Services entreprendra, pendant au moins un an, une étude portant sur les imprimés et les produits en métal achetés à l'échelle nationale et en régime de concurrence. Il s'ensuit donc que toutes les soumissions relatives à ces achats devront stipuler le prix franco destination et, aussi, le prix franco usine. Les fournisseurs des provinces de l'Atlantique et de l'Ouest canadien pourront obtenir des contrats pour autant que leurs offres franco usine soient les plus basses et que la différence entre les frais de transport et le prix de revient du produit soit inférieure à 10%.»

Le 17 octobre 1972, le Ministre des Approvisionnements et Services a écrit à ses collègues du Cabinet demandant à chaque ministère de préciser le point d'utilisation finale des marchandises commandées et d'accorder au MAS des délais plus longs, afin de lui permettre d'appliquer avec une efficacité maximum la nouvelle politique d'achat des marchandises à proximité du point d'utilisation.

Le projet pilote entrepris pour les produits d'impression et les produits en métal a débuté le 1^{er} avril 1973.

Le ministère des Approvisionnements et Services a en outre relevé à \$2,500 (au lieu de \$1000) la valeur des commandes dont le siège central confie la passation aux bureaux régionaux. Afin de répondre au surcroît d'activité dans les régions, le Ministère a récemment inauguré un service de distribution des marchandises à partir d'un nouvel entrepôt à Edmonton et compte en inaugurer un autre dans quelques mois à Halifax. Ces deux entrepôts viennent s'ajouter à ceux d'Ottawa, Montréal et Toronto. Cette mesure contribuera à augmenter le volume des achats effectués par les bureaux régionaux, qui disposeront, en stock, d'un nombre croissant d'articles.

Ces mesures auront sans doute des répercussions immédiates, mais comme elles viennent à peine d'entrer en vigueur, il nous faudra encore quelque temps avant que nous puissions en évaluer la portée.

LA QUESTION DE L'ÉQUILIBRE

Avant même d'examiner quelles sont les mesures à prendre pour équilibrer les achats entre les régions, il nous faut établir ce qu'on entend par équilibre. On pourrait équilibrer les achats en tenant compte de la population ou

encore des possibilités d'une région sur le plan industriel. La première solution entraînerait des changements beaucoup plus importants que la seconde.

On peut d'abord constater, que le déséquilibre régional, quel qu'il soit, dépend de la concentration de l'industrie canadienne et de l'emplacement du gouvernement fédéral. Dans la mesure où l'industrie se développera dans les régions de l'Atlantique et de l'Ouest et où le gouvernement décentralisera ses activités d'approvisionnement, ses achats deviendront mieux équilibrés, tant par rapport à la population qu'en termes de possibilités industrielles des régions.

En outre, bien que le volume d'achat du MAS soit assez élevé, il n'a que peu d'influence, dans la plupart des cas, sur des industries ou régions données. Plutôt que les industries ou régions, ce sont des sociétés qui individuellement, en tirent profit. Toutefois, dans certains secteurs industriels, l'impact des achats du gouvernement est d'importance.

Il ne faut pas perdre de vue que les principaux objectifs du gouvernement en matière d'achats doivent rester économie et efficacité. Mais, d'autre part, le gouvernement reconnaît le rôle que peuvent jouer ses achats dans la réalisation d'autres objectifs nationaux, notamment l'essor industriel et l'expansion régionale. Comme nous l'avons souligné plus haut, il est encore trop tôt pour évaluer la portée des mesures adoptées récemment, mais on remarque déjà que les achats du gouvernement fédéral dans l'Ouest se sont accrus dernièrement, tant en valeur qu'en pourcentage du volume total des achats. Ces chiffres figurent en annexe.

PROGRAMME D'ACTION

En plus de poursuivre les efforts entrepris récemment, le ministère des Approvisionnements et Services prendra en temps opportun, les mesures suivantes:

- (1) Les achats du gouvernement viendront compléter sa politique industrielle et régionale et ce, dans la mesure où le programme d'achats contribuera à appuyer les activités des autres ministères en créant des industries viables.

Cette mesure pourra s'appliquer particulièrement aux besoins régionaux, par exemple, au mobilier récemment commandé pour certains bureaux du gouvernement dans l'Ouest. Jusqu'à la fin de 1971, le gouvernement achetait tous les meubles modulaires dont il avait besoin auprès de fabricants du Québec et de l'Ontario et les expédiait ensuite au point d'utilisation. Après avoir étudié cette façon de procéder, le MAS s'est aperçu qu'un manufacturier d'Edmonton pourrait répondre en partie aux besoins des provinces de l'Ouest. Le prix de revient du produit était légèrement plus élevé, mais l'importante réduction des frais de transport compensait largement. De nouveaux débouchés ont ainsi vu le jour dans l'Ouest, créant de nouveaux emplois tout en réduisant le coût des achats du gouvernement.

- (2) Avec la décentralisation des activités, les achats seront effectués dans une plus large mesure par les bureaux régionaux. Cette tendance a déjà pris naissance, comme en témoignent les chiffres cités en Annexe. Elle s'accroîtra en outre si, comme nous l'avons dit plus haut, sur l'instance du MAS, les ministères précisent le point d'utilisation finale des marchandises qu'ils commandent.
- (3) Le gouvernement fédéral est prêt à examiner avec les provinces la possibilité d'effectuer des achats en commun. Cette coopération dans le secteur des achats publics,—plus particulièrement en ce qui concerne les achats de l'État pour les régions de l'Ouest et ceux des gouvernements provinciaux de l'Ouest—pourrait multiplier les avantages que l'on tirerait du recours aux achats pour appuyer et favoriser l'essor industriel et l'expansion régionale, particulièrement en ce qui concerne la spécialisation et la rationalisation industrielles dans ces provinces.
- (4) Enfin, le gouvernement sera heureux d'échanger avec les provinces des renseignements ayant trait aux achats, ce qui pourrait faire augmenter le volume des achats au Canada de tous les paliers de gouvernement concernés.

ANNEXE

RÉPARTITION RÉGIONALE DES CONTRATS PASSÉS AU CANADA PAR LE MAS

- REMARQUE: (1) La valeur des contrats passés par le siège du Ministère est ventilée par région, selon l'adresse du fournisseur portée sur les documents contractuels.
- (2) La valeur des contrats passés par les bureaux régionaux est ventilée par région, selon l'emplacement du bureau régional.
- (3) Les chiffres fournis ont trait à l'année au cours de laquelle les contrats ont été passés et non à celle(s) où les dépenses ont été faites.

Période	Provinces de l'Atlanti- que	%	Québec	%	Ontario	%	Prairies	%	C.-B. T. du N.-O. et Yukon	%	Total	%
1968/69.....	38.7	4.4	425.6	48.5	346.4	39.4	45.8	5.2	21.9	2.5	878.4	100.0
1969/70.....	34.0	4.3	380.8	47.7	305.4	38.2	54.5	6.8	24.4	3.0	799.1	100.0
1970/71.....	48.3	6.3	274.7	35.9	327.1	42.7	84.6	11.1	30.9	4.0	765.6	100.0
1971/72.....	73.8	7.7	300.2	31.2	459.6	47.7	93.1	9.7	36.4	3.7	963.1	100.0
1972/73.....	76.1	7.0	336.7	31.0	519.4	47.8	108.0	9.9	46.2	4.3	1,086.4	100.0
Moyennes												
1968/69- 1972/73.....	54.2	6.0	343.6	38.2	391.6	43.6	77.2	8.6	31.9	3.6	898.5	100.0
1970/71- 1972/73.....	66.1	7.0	303.9	32.4	435.4	46.4	95.2	10.2	37.8	4.0	938.4	100.0

AGRICULTURE

Présenté conjointement par

L'honorable DAVID BARRETT, *Premier ministre de la Colombie-Britannique*

L'honorable EDWARD SCHREYER, *Premier ministre du Manitoba*

L'honorable PETER LOUGHEED, *Premier ministre de l'Alberta*

L'honorable ALLAN BLAKENEY, *Premier ministre de la Saskatchewan*

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SOMMAIRE

Nous avons un urgent besoin d'augmenter la production agricole pour continuer à satisfaire les demandes mondiales croissantes de produits alimentaires, en particulier de protéines alimentaires. L'Ouest du Canada possède des terres et des ressources humaines qui n'ont pas encore été pleinement utilisées pour relever les défis de la production nécessaire à ce marché qui ne cesse de se développer. L'intensification de la production agricole dans l'Ouest du Canada, augmentera les exportations canadiennes, augmentera les réserves alimentaires et contribuera à augmenter et stabiliser les revenus de tous les Canadiens.

Pour réaliser le potentiel de l'augmentation de production, il faut que le gouvernement fédéral et les gouvernements provinciaux entreprennent un effort commun de développement de l'agriculture.

Il faut que le développement s'accompagne d'une stabilisation des prix et revenus pour protéger les agriculteurs contre les terribles effets des baisses périodiques des prix et de la production, et pour créer le milieu économique stable nécessaire à une croissance et une expansion soutenues.

Pour atteindre ces objectifs, les provinces de l'Ouest offrent un certain nombre de propositions précises qui sont toutes appuyées par toutes les provinces du Canada.

En matière de développement agricole, les provinces de l'Ouest proposent:

- (1) Que le gouvernement fédéral reconnaisse qu'il n'a pas satisfait aux besoins de crédit des agriculteurs à revenus faibles et risques élevés et que, pour satisfaire ces besoins, il permette aux provinces de participer davantage à la planification des programmes de crédit et qu'il fournisse aux provinces les capitaux devant servir aux programmes de crédit pour les agriculteurs dont les risques sont élevés;
- (2) Que le gouvernement fédéral augmente les efforts qu'il fait en matière de recherche appliquée à l'agriculture et que les provinces aient un rôle plus officiel quant à la direction de cette recherche;
- (3) Qu'il contribue au développement d'un Institut d'essai des machines agricoles des Prairies;
- (4) Qu'il crée une Commission d'examen du coût des mises de fonds agricoles pour empêcher les augmentations excessives du coût des mises de fonds nécessaires à la production agricole; et
- (5) Qu'il augmente son effort de prévention et de lutte contre la dissémination des maladies, des insectes ou parasites introduits au Canada par les importations de produits agricoles.

En matière de développement des marchés et de stabilisation des revenus, les provinces de l'Ouest proposent:

- (1) Que le gouvernement fédéral augmente ses efforts pour obtenir des renseignements sur les marchés et mettre ces renseignements immédiatement à la disposition des provinces;
- (2) Que les activités de la Corporation de développement des marchés coïncident plus étroitement avec les efforts provinciaux de commercialisation et que ses services puissent être plus facilement obtenus pour une plus grande variété de produits;
- (3) Que soit adoptée une politique nationale des grains de provenance qui assurera un traitement équitable pour les producteurs de grains de provenance et les producteurs de bétail dans tout le Canada;
- (4) Que soit adopté un programme de stabilisation du revenu des grains analogue à celui qui a été proposé par les dix ministres provinciaux de l'Agriculture en novembre 1971;
- (5) Que soit adopté un programme national de stabilisation des prix pour les autres produits agricoles afin d'établir des prix minimaux à des niveaux réalistes pendant les périodes où les conditions du marché sont temporairement mauvaises;
- (6) Que le gouvernement fédéral adopte un programme national d'assurance du bétail avec participation volontaire des provinces et des agriculteurs, en vue de protéger les producteurs contre les risques de production indépendants de leur volonté;
- (7) Que les provinces aient une participation active aux prochaines négociations du G.A.T.T. et que le gouvernement fédéral évite à tout prix de faire des concessions sur les intérêts agricoles au profit d'intérêts non agricoles; et
- (8) Que le gouvernement fédéral adopte un système de réglementation de l'importation de produits alimentaires pour protéger les intérêts à long terme des producteurs tout comme ceux des consommateurs.

En matière de coordination des programmes fédéraux, les provinces de l'Ouest proposent:

- (1) Qu'il y ait une coordination plus efficace des programmes fédéraux ayant une incidence sur l'agriculture de l'Ouest; et
- (2) Que les provinces puissent participer davantage à l'élaboration des politiques relatives à l'expansion économique régionale.

En conclusion, les provinces de l'Ouest font les propositions ci-dessus parce qu'elles sont toutes préoccupées par le fait que le gouvernement fédéral ne s'est pas suffisamment occupé de l'agriculture dans le passé, et par le fait qu'un nouvel effort commun de grande envergure de la part du gouvernement fédéral et des gouvernements provinciaux est nécessaire pour permettre à l'agriculture de l'Ouest du Canada de réaliser tout son potentiel.

INTRODUCTION

Actuellement, il existe un urgent besoin d'augmenter la production alimentaire. Les niveaux des réserves mondiales d'aliments sont dangereusement bas et la production mondiale de protéines, en particulier, semble incapable de suivre l'augmentation de la demande. Il en résulte une augmentation rapide des prix de l'alimentation et un accord général sur le fait qu'il faut s'efforcer davantage d'augmenter la production alimentaire.

Pour ceux qui ne considèrent que des situations à court terme, il y a eu des moments où des surplus temporaires de certains produits ont donné l'impression d'un surplus de ressources agricoles. Toutefois, il ne fait aucun doute qu'à long terme il est nécessaire d'augmenter le développement de la production agricole.

L'Ouest du Canada possède un énorme potentiel intact pour l'augmentation de la production alimentaire. La production actuelle a tendance à être une production extensive où les mises de fonds consacrées aux investissements et à la main-d'œuvre sont faibles.

Il est généralement bien admis que les collectivités rurales et l'agriculture de l'Ouest du Canada ont dû supporter de mauvaises conditions. Au nombre de ces conditions citons:

- (1) l'instabilité des prix des produits avec des périodes cycliques où les recettes sont inférieures aux coûts de production;
- (2) des rendements variables souvent causés par des facteurs indépendants de la volonté des agriculteurs; et
- (3) des différences de revenus par rapport aux autres secteurs de l'économie du fait:
 - a) qu'il n'est guère possible de contrôler le coût des mises de fonds;
 - b) qu'il existe des difficultés de marketing provenant:
 - (i) de différences en matière de transport
 - (ii) du manque de renseignements relatifs aux marchés
 - (iii) d'une trop grande dépendance du marché intérieur
 - (iv) d'un manque de pouvoir de négociation qui affecte un grand nombre d'agriculteurs indépendants.

Ces conditions ont abouti à faire subir aux collectivités agricoles et à l'agriculture de l'Ouest du Canada des difficultés économiques excessives, dont le bien-être des Canadiens a subi les conséquences. Il y a eu une migration continue de gens des zones rurales et elle s'est accompagnée d'une détérioration des collectivités rurales et urbaines. L'agriculture se trouve actuellement dans une période de renforcement et d'adaptation à un moment où il existe un besoin urgent d'intensifier la production.

Il existe un besoin pressant de faire un grand effort de développement de l'agriculture. Il faut que les capitaux, la technique et le milieu économique soient adéquats pour

permettre l'utilisation maximale des vastes ressources en terres et en main-d'œuvre de l'Ouest du Canada.

Il faut que le développement s'accompagne d'une stabilisation de la production, des prix et des revenus.

Les essais faits dans le passé pour apporter des améliorations à l'agriculture n'ont donné que peu de résultats. Trop souvent ces essais ont été faits au hasard et non dans le cadre d'un effort coordonné de création d'un milieu qui apportera des solutions à long terme. Pour corriger cette situation, il faut un effort unifié de la part du gouvernement fédéral et des gouvernements provinciaux de l'Ouest du Canada.

Avec ces faits à l'esprit, les Premiers ministres des quatre provinces de l'Ouest font un certain nombre de propositions précises. Ces propositions bénéficient de l'accord général des dix gouvernements provinciaux.

Les propositions ont trait aux domaines suivants:

- (1) Développement agricole;
- (2) Développement des marchés et stabilisation des revenus;
- (3) Coordination des programmes fédéraux.

DÉVELOPPEMENT AGRICOLE

Les provinces de l'Ouest se préoccupent au plus haut point de leurs possibilités de développement. L'intégrité de la nation et la place qu'occupent les provinces de l'Ouest dans la nation dépendra de la volonté nationale d'inclure les provinces de l'Ouest dans le processus de développement.

Étant donné les ressources de base des provinces de l'Ouest, il faut que le développement agricole fasse partie intégrante du développement d'ensemble.

Les provinces de l'Ouest soutiennent que les gouvernements provinciaux doivent absolument jouer un rôle prédominant dans l'élaboration des objectifs et priorités du développement régional. La structure fédérale a été créée sur la base d'intérêts régionaux différents et de besoins régionaux différents. La politique du développement est le domaine où le besoin de légitimer l'expression de ces intérêts et besoins différents est le plus évident.

Le gouvernement fédéral n'a jamais reconnu le rôle critique des provinces lorsqu'il s'agit d'exprimer les priorités en ce qui concerne le développement agricole. Les politiques et programmes nationaux, avec leur neutralité voulue du point de vue de l'incidence sur les cadres de développement régional, n'ont tout simplement pas réussi à satisfaire les besoins spéciaux ni à s'adapter aux conditions spéciales de l'agriculture de l'Ouest. En conséquence, les provinces de l'Ouest sont fermement d'avis que tous les programmes ayant une incidence sur le développement agricole doivent absolument être assouplis en ce qui concerne leurs aspects opérationnels; et en outre, qu'il faut que les provinces participent directement à la planification et à la formulation des politiques fédérales applicables dans la province en matière de développement agricole.

Plus précisément, en matière de développement agricole, les provinces de l'Ouest demandent ce qui suit:

(1) Le développement des exploitations

- a) que les programmes fédéraux de crédit agricole soient modifiés de façon à permettre une plus grande participation provinciale tant en ce qui concerne la planification que l'administration, de préférence grâce à la création d'un programme fédéral-provincial intégré de crédit agricole.
- b) que la fourniture de tous les services de consultation en matière de direction des exploitations et de développement des exploitations continue à relever des provinces, étant donné la compétence provinciale que la constitution leur reconnaît en matière d'éducation.

Ces recommandations sont faites compte tenu du fait qu'un programme intégré de crédit agricole et de consultation en matière de direction des exploitations est fondamental pour la réalisation des objectifs de base du développement des exploitations. Les programmes fédéraux à direction unilatérale dans ce domaine ont fonctionné contrairement à l'orientation des politiques provinciales en matière de développement et en conflit avec cette orientation. Ils ont encouragé l'adaptation et la contraction plutôt que la croissance et le développement.

- c) que le gouvernement fédéral accorde aux organismes provinciaux, à titre de prêts, des fonds que ces derniers prêteront à leur tour aux agriculteurs qui constituent le $\frac{1}{3}$ inférieur du point de vue des revenus et capitaux, le gouvernement fédéral et les gouvernements provinciaux supportant à part égale les pertes sur ces prêts.

Cette recommandation est faite compte tenu de ce que le gouvernement fédéral a traditionnellement fourni des crédits par l'intermédiaire de la Corporation du crédit agricole, aux agriculteurs dont les risques sont faibles et de ce qu'il n'a pas satisfait les besoins des agriculteurs débutant ayant un bon potentiel mais manquant de capitaux. Les gouvernements provinciaux ont dû fournir des crédits aux agriculteurs dont les risques sont plus gros.

(2) Recherche

- a) que le régime d'austérité actuellement appliqué par le gouvernement fédéral en matière de recherche agricole prenne fin, et que le gouvernement fédéral accorde une bien plus haute priorité à la recherche agricole appliquée.
- b) que le Conseil consultatif de la recherche agricole de l'Ouest, que doivent constituer les quatre provinces de l'Ouest, obtienne un rôle officiel en matière de détermination des priorités de recherche et de coordination des activités de recherche dans la région de l'Ouest.
- c) que la recherche agricole demeure un domaine d'activité fédérale distinct et à part et que tous plans visant à réunir la recherche agricole avec d'autres activités de recherche soient retirés.

Ces recommandations sont faites compte tenu de la contribution toute particulière que la recherche appliquée en matière de production doit apporter au développement de l'agriculture et du fait que les efforts actuels du gouvernement fédéral en matière de recherche ne sont pas suffisants pour développer effectivement l'agriculture de l'Ouest du Canada.

(3) Essais des machines agricoles

Que le gouvernement fédéral convienne immédiatement d'assumer 50 pour cent des dépenses d'investissement, et 42 pour cent des frais d'exploitation d'un Institut des machines agricoles des Prairies.

Cette recommandation est faite compte tenu de ce qu'une agriculture viable exige un matériel moderne efficace au plus bas prix possible et de ce que l'industrie des machines agricoles n'a pas suffisamment servi les besoins des agriculteurs de l'Ouest.

(4) Commission d'examen du coût des mises de fonds agricoles

Que le gouvernement fédéral crée immédiatement une Commission d'examen du coût des mises de fonds agricoles pour surveiller les prix payés par les agriculteurs pour les mises de fonds nécessaires à la production agricole et pour prendre les mesures nécessaires à la prévention des augmentations excessives de ces prix.

Cette recommandation est faite compte tenu du fait que les consommateurs sont de plus en plus préoccupés par les augmentations des prix de l'alimentation et compte tenu de la création d'une Commission d'examen des prix de l'alimentation et de l'augmentation rapide du coût des mises de fonds agricoles qui rend nécessaire l'augmentation des prix de l'alimentation afin de couvrir les coûts de production.

(5) Lutte contre les maladies, les insectes et les parasites

- a) Que le gouvernement fédéral améliore son inspection des importations agricoles pour éviter l'introduction de nouvelles maladies et de nouveaux insectes ou autres parasites qui nuisent à la production agricole au Canada.
- b) Qu'advenant l'introduction de nouvelles maladies ou de nouveaux insectes ou parasites, le gouvernement fédéral fournisse une aide suffisante à la région affectée pour permettre de prendre des mesures de lutte efficaces.

Cette recommandation est faite compte tenu du fait que l'inspection et les règlements des importations relèvent du gouvernement fédéral.

DÉVELOPPEMENT DES MARCHÉS ET STABILISATION DES REVENUS

L'agriculture de l'Ouest a longtemps souffert d'une extrême instabilité des niveaux de production, des perspec-

tives commerciales et des prix des produits. Cette instabilité a créé de très grandes difficultés aux agriculteurs et aux personnes du secteur des industries qui desservent le secteur agricole.

Plus grave encore a été l'effet de l'instabilité sur le développement agricole. Les chutes cycliques des prix des produits et les mauvaises conditions de production ont amené les agriculteurs à s'abstenir d'emprunter et d'investir des capitaux suffisants dans des actifs servant à la production agricole intensive. L'incertitude des recettes et le besoin d'investissements importants dans la production agricole ont imposé des barrières formidables à la création de nouvelles exploitations agricoles profitables. Il en est résulté des exploitations d'agriculture extensive dont les rendements à l'acre sont faibles, de faibles niveaux d'activité économique et le déclin des populations agricoles et rurales.

Si l'on veut que l'Ouest du Canada parvienne à une amélioration et une augmentation des revenus dans le secteur agricole et celui des services et industries de transformation connexes, et à un développement économique réel utilisant pleinement les ressources agricoles et humaines disponibles, il faut que le gouvernement fédéral institue d'importants nouveaux programmes visant à stabiliser et augmenter les recettes de tous les éléments du secteur agricole.

En ce qui concerne particulièrement l'augmentation et la stabilisation des recettes de l'agriculture de l'Ouest, les provinces de l'Ouest proposent ce qui suit:

(1) Meilleure connaissance des marchés

- a) Que le gouvernement fédéral augmente ses efforts pour obtenir des renseignements au sujet des marchés en augmentant son personnel de spécialistes des marchés agricoles dans les autres pays.
- b) Que le gouvernement fédéral fasse des efforts spéciaux pour élaborer un système de communications entre les représentants fédéraux et les gouvernements provinciaux afin que les renseignements commerciaux les plus récents et les plus à jour soient immédiatement communiqués à tous les gouvernements provinciaux.

Les recommandations ci-dessus sont faites compte tenu du fait que le service de renseignements relatifs aux marchés, assuré par le gouvernement fédéral, n'a jusqu'ici pas été suffisant pour permettre aux provinces de profiter des possibilités commerciales offertes par les marchés mondiaux.

(2) Plus grande utilisation de la Corporation de développement des exportations

- a) Que le rôle de la Corporation de développement des exportations soit plus étroitement coordonné avec les efforts de marketing faits par les provinces et que la Corporation fournisse d'importants crédits à l'exportation pour tous les produits agricoles.

Cette recommandation est faite compte tenu de ce que la Corporation fournit actuellement d'importants crédits pour

les ventes de grains mais que l'intérêt du Canada tout entier exige que l'on encourage l'exportation de produits agricoles sous des formes qui leur donnent davantage de valeur.

(3) Marketing des grains de provende

- a) Que la structure de la Commission canadienne du blé soit modifiée de manière à y inclure un représentant de chacune des provinces de l'Ouest.
- b) Que la Commission canadienne du blé continue à être chargée des mouvements interprovinciaux des grains de provende.
- c) Que les provinces soient responsables du mouvement intra-provincial et de la fixation des prix des grains de provende.
- d) Que, lorsqu'une province le demande, la Commission canadienne du blé accepte la responsabilité du contrôle et de la fixation du prix des grains de provende destinés au commerce intra-provincial.
- e) Que soit adoptée une structure nationale de fixation des prix qui garantisse aux utilisateurs de grains de provende dans toutes les régions du Canada la possibilité d'obtenir des grains de provende cultivés dans l'Ouest du Canada à des prix comparables à ceux qui sont payés par les utilisateurs de grains de provende dans l'Ouest du Canada, compte tenu des frais de transport, de manutention et des frais d'administration de la Commission du blé.
- f) Que le gouvernement fédéral gère une «banque des grains de provende» qui servirait à satisfaire autant que possible les besoins internes en cas de pénurie de grains de provende.

Ces recommandations sont faites compte tenu des faits suivants:

- les prix des grains de provende hors-quota dans l'Ouest du Canada ont été très instables, ce qui a amené des périodes cycliques où les prix des grains de provende sont désastreusement bas et a donc fait subir aux producteurs de grains des difficultés économiques extrêmes et a provoqué une instabilité des niveaux de production du bétail;
- un approvisionnement continu en grains de provende à des prix raisonnables est nécessaire pour toutes les régions du Canada afin de faciliter le développement de l'élevage canadien;
- il faut que les politiques en matière de grains de provende ne fassent pas les avantages ou inconvénients régionaux en matière d'élevage du bétail.

(4) Stabilisation du revenu des grains

Que le gouvernement fédéral adopte un programme de stabilisation du revenu des grains analogue à celui qui a été proposé par les ministres provinciaux de l'agriculture en novembre 1971.

Cette recommandation est faite compte tenu des effets dévastateurs de l'instabilité des revenus des grains sur le développement de l'agriculture. De faibles revenus périodiques causent des difficultés économiques extrêmes aux agriculteurs, aux centres de services ruraux et aux industries de soutien de l'agriculture. L'instabilité des revenus des grains mène à des augmentations ou diminutions brusques de l'élevage, chose qui dérègle le développement d'un élevage stable. Le manque périodique de revenus et de marchés conduisent forcément à l'exploitation extensive et à la dépopulation des campagnes.

(5) Stabilisation des prix des denrées

- a) Que soit adopté un programme national de stabilisation des prix des denrées agricoles (autres que celles incluses dans un programme national de stabilisation du revenu des grains) qui prévoirait des prix minimaux réalistes pour des périodes où les conditions de marché sont temporairement mauvaises et dont l'application serait déclenchée par des mécanismes connus d'avance par les agriculteurs.
- b) Que les négociations du G.A.T.T. soient orientées vers la suppression des problèmes commerciaux qui pourraient résulter de l'adoption éventuelle par le Canada de grands programmes de stabilisation des prix.

Ces recommandations sont faites compte tenu du fait que la Loi sur la stabilisation des revenus agricoles, telle qu'elle est actuellement appliquée, ne donne pas aux agriculteurs l'assurance d'obtenir des prix suffisants pour couvrir les coûts de production.

(6) Assurance-élevage du bétail

Que le gouvernement fédéral adopte un programme national d'assurance de l'élevage du bétail (sur les mêmes principes fondamentaux que l'assurance-récolte) auquel les provinces puissent volontairement choisir de participer. Le programme, avec partage des frais entre le gouvernement fédéral et les gouvernements provinciaux, assurerait les risques naturels de l'élevage du bétail.

Cette recommandation est faite compte tenu du fait que des désastres indépendants de la volonté de l'agriculteur peuvent avoir des effets dévastateurs sur la situation financière de ce dernier et que ces risques entravent le développement de l'élevage du bétail au Canada.

(7) Accord général sur les tarifs douaniers et le commerce

- a) Que le gouvernement fédéral, dans ses négociations au G.A.T.T. évite à tout prix de faire des concessions sur les intérêts agricoles au profit d'intérêts non agricoles.
- b) Que les provinces soient invitées à participer à la détermination de la position que le gouvernement canadien adoptera au G.A.T.T.

- c) Que le gouvernement fédéral fasse le nécessaire pour que les gouvernements provinciaux aient un observateur provincial assistant aux négociations du G.A.T.T.

Ces recommandations sont faites compte tenu du fait que les négociations du G.A.T.T., dans le passé, ont généralement tendu à mettre l'accent sur le développement des industries non agricoles au Canada mais que l'Ouest du Canada doit absolument développer son secteur agricole pour donner une base solide au développement économique ultérieur.

(8) Réglementation des importations

Il est essentiel que les consommateurs canadiens soient entièrement assurés d'un ample ravitaillement en produits sains et de haute qualité, capable de satisfaire leurs besoins présents et à venir. La meilleure façon d'assurer cela consiste à maintenir et développer, dans les limites imposées par le climat, une large gamme d'activités de production alimentaire au Canada.

Les limites imposées par le climat s'appliquent pour la plupart aux produits horticoles, et leur effet sur le producteur canadien vient principalement de ce que ces récoltes sont plus hâtives sous des latitudes plus méridionales.

La production des États-Unis dépasse de beaucoup la production canadienne, et lorsqu'elle dépasse la demande interne normale, les prix tombent parfois à des niveaux désastreux. Cela a également une incidence sur le marché au Canada.

En outre, les expéditeurs des États-Unis baissent souvent leurs prix dans le cadre de leurs opérations de «liquidation» à la fin de leur période de marketing. Cela exerce également des pressions à la baisse sur les prix canadiens.

De plus, le producteur horticole canadien est soumis à des règlements hygiéniques sévères, notamment à des contrôles stricts de l'usage des produits chimiques. Les produits d'autres pays qui n'appliquent pas de telles restrictions peuvent entrer au Canada sans difficulté. Cela crée une difficulté supplémentaire pour le producteur canadien lorsqu'il s'efforce de fournir un produit de qualité à des prix concurrentiels.

Étant donné ces facteurs, nous appelons l'attention du gouvernement fédéral sur les points suivants:

- a) Que soit adopté un système de surtaxe à l'importation qui s'appliquerait immédiatement sur une base automatique lorsque les prix des produits alimentaires importés tomberaient au-dessous d'un prix minimum établi, chute qui nuirait sérieusement aux producteurs canadiens.

- b) Que les importations de produits alimentaires soient restreintes lorsqu'on dispose d'une ample réserve au Canada.

- c) Que les produits alimentaires importés, y compris les aliments en emballages, soient assujettis à une investigation générale et, par la suite, à un contrôle permanent pour vérifier, avant la vente au détail, que les produits en question répondent en fait aux normes qualitatives et sanitaires canadiennes ainsi qu'aux règles du commerce international.

COORDINATION DES PROGRAMMES FÉDÉRAUX

La position prise par les provinces est que la structure actuelle du gouvernement fédéral n'a pas conduit à une coordination suffisante des programmes fédéraux ni à la reconnaissance des besoins régionaux spéciaux.

Le ministère de l'Agriculture du Canada a traditionnellement défini son rôle comme consistant à promouvoir les intérêts généraux de l'agriculture avec un effet minimum sur les avantages régionaux. C'est le ministère de l'Expansion économique régionale qui a été chargé de résoudre les problèmes du développement économique régional. Le MEER a eu tendance à s'abstenir de s'occuper dans une mesure suffisante des questions où la responsabilité du MEER empiète sur celle du ministère de l'Agriculture.

Les économies provinciales de l'Ouest du Canada dépendent beaucoup plus de l'agriculture que ce n'est le cas dans d'autres régions du Canada. Il faut que le développement économique de l'Ouest se fonde sur une solide stratégie de développement agricole.

Le développement agricole et économique exige un effort de développement général et coordonné dans de nombreux domaines, notamment quant aux politiques des transports et aux activités de marketing.

Plus précisément, en ce qui concerne la coordination des programmes fédéraux, les provinces de l'Ouest proposent ce qui suit:

- (1) Qu'il y ait une communication et une coordination plus efficace des activités entre le ministre de l'Agriculture, le ministre de l'Expansion économique régionale, le ministre de l'Industrie et du Commerce et le ministre dont relève la Commission canadienne du blé.

Cette recommandation est faite compte tenu du fait que, dans leurs diverses sphères de responsabilité, les ministres ont fait des déclarations et adopté des politiques contradictoires.

- (2) Que les provinces puissent participer davantage à l'élaboration des politiques relatives à l'expansion économique régionale.

Cette recommandation est faite compte tenu du fait que les provinces sont relativement plus en mesure de connaître leurs besoins spéciaux respectifs et qu'il faut que les programmes fédéraux soient conformes aux objectifs et programmes provinciaux de développement.

CONCLUSION

Les provinces de l'Ouest font les recommandations ci-dessus parce qu'elles se préoccupent véritablement de l'ave-

nir de l'agriculture dans l'Ouest du Canada. Les provinces sont persuadées que l'agriculture a d'énormes possibilités de contribuer au développement économique de l'Ouest du Canada et que l'on ne s'est pas suffisamment occupé de l'agriculture dans le passé.

Les propositions énumérées ci-dessus ne couvrent pas tous les besoins, elles n'ont trait qu'aux plus graves questions actuelles.

L'approbation des propositions indiquera, de la part du gouvernement fédéral, le désir sincère de reconnaître et de satisfaire les besoins régionaux de l'Ouest canadien.

L'AGRICULTURE

Ce document a été préparé par le gouvernement du Canada, en prévision de la Conférence sur les perspectives économiques de l'Ouest, qui aura lieu du 24 au 26 juillet 1973, à Calgary. Il s'agit d'une analyse servant de base aux discussions avec les provinces de l'Ouest et aux propositions que le gouvernement fédéral présentera à cette occasion.

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PREMIÈRE PARTIE

Vue d'ensemble de l'agriculture de l'Ouest

L'agriculture de l'ouest canadien est une spéculation commerciale importante qui repose sur des ressources en terres riches et variées qui constituent le gagne-pain d'une population agricole de 673,000 habitants et de la plus grande partie d'une population rurale non agricole de 1,026,000 habitants. Ces deux groupes forment 30% de la population des quatre provinces de l'Ouest. En plus de contribuer à l'emploi dans un grand nombre d'entreprises de transformation et de services, elle contribue largement à la balance des paiements du Canada. Les exportations de produits agricoles de cette région sur les marchés internationaux sont évaluées à plus de \$1.3 milliard, en 1972.

Les recettes totales en espèces de l'agriculture de l'Ouest ont atteint \$2.8 milliards en 1972, soit 52% des revenus agricoles en espèces du Canada. Le secteur agricole a produit 16% de la valeur nette de tous les biens produits dans la région et les immobilisations agricoles s'élevaient à \$14.4 milliards en 1971, dont \$10.1 milliards pour les fonds de terre et les bâtiments, \$2.5 milliards pour les équipements et \$1.9 milliard pour le bétail.

La superficie des terres agricoles s'élève à 139 millions d'acres, dont environ 89 millions en culture. Ces terres font vivre 193,000 agriculteurs, et les grandes exploitations (722 acres en moyenne) très spécialisées prédominent.

L'agriculture de l'ouest canadien est basée sur la production céréalière, traditionnellement destinée à l'exportation. L'exploitation familiale prédomine; en 1971, 498 entreprises agricoles seulement étaient incorporées par des sociétés autres que des familles.

La répartition entre les populations rurale et urbaine diffère d'une province à l'autre, suivant l'importance relative de l'agriculture. En Saskatchewan, plus de 25% de la population est agricole, tandis qu'en Alberta, ce pourcentage est de 14.5, au Manitoba, de 13.2 et en Colombie-Britannique, de 3.4 seulement. L'évolution démographique montre que la population agricole diminue et que la population urbaine augmente dans toutes les provinces.

L'agriculture est essentiellement axée sur la culture extensive et la culture commerciale prédominante et traditionnelle est le blé. L'Ouest produit tout le colza canadien, plus de 95% du blé, de l'orge et du seigle, et 75% de l'avoine. Il possède 80% des vaches de boucherie, 60% de tous les bovins, la moitié des moutons et des porcs, le tiers des volailles et le cinquième des vaches laitières.

A l'exception de la production de fruits et légumes au voisinage des grandes villes, la totalité de l'agriculture de l'Ouest dépend fortement de marchés intérieurs éloignés et spécialement de marchés extérieurs. Aussi, le transport, la manutention et l'entreposage sont des activités importantes pour l'agriculture, non seulement à l'envoi des produits agricoles, mais aussi à l'arrivée des biens et services achetés tant pour la production agricole que pour la vie en milieu rural.

L'agriculture, la commercialisation, le transport et les politiques gouvernementales ont évolué en étroite dépendance, et tout changement dans un des composants principaux a d'importantes répercussions sur l'agriculture et l'économie de la région. La croissance de la production a été relativement rapide, mais inégale. Les fluctuations de la demande à l'exportation et les variations de rendement dues aux conditions atmosphériques ont été les causes premières de l'instabilité, mais les fluctuations des prix et les écarts aux plans de réduction compliquent le problème. L'incertitude, qui en résulte sur les investissements dans les activités agricoles, dans la transformation, le transport et les activités connexes, a exercé une contrainte importante sur la croissance de l'agriculture et de l'Ouest.

PERSPECTIVES

L'agriculture continuera de produire pour les marchés extérieurs et intérieurs, et de dépendre d'eux. Toutefois, la diversité des produits augmentera avec la diversification des cultures et l'expansion de l'élevage et de la transformation dans l'Ouest canadien. Les cultures céréalières resteront la base de l'agriculture de l'Ouest, à cause de leur double rôle de source de revenus provenant des ventes directes et de facteurs de production importants pour l'élevage.

L'exploitation familiale continuera d'être le type dominant d'organisation agricole. Elle deviendra bien sûr plus grande et plus complexe que dans le passé. On fera un usage croissant du crédit afin d'assurer l'expansion et de satisfaire les besoins à court terme de la production; on assistera à une collaboration croissante avec les experts en gestion pour la planification de l'organisation et de l'exploitation; enfin, la mécanisation se poursuivra et les besoins en main-d'œuvre diminueront. L'incorporation des entreprises agricoles s'étendra davantage, à cause des avantages qu'elle offre dans le financement des entreprises et le règlement des successions, et les groupes familiaux surtout y auront recours. Les revenus agricoles devraient augmenter en fonction de l'accroissement de la productivité et des ventes.

DEUXIÈME PARTIE

Les objectifs des politiques agricoles fédérales et l'Agriculture de l'Ouest

Les objectifs fondamentaux des politiques agricoles fédérales sont de maximiser la contribution de l'agriculture à l'économie et d'améliorer le bien-être des familles agricoles. A ces deux objectifs fondamentaux s'ajoute celui de raffermir l'unité nationale qui, sans être particulier à une politique agricole, est un objectif de politique fédérale suffisamment important pour y être inclus explicitement.

Les objectifs de la politique agricole nationale sont plus spécifiquement:

- a) l'expansion de la production agricole, fondée sur les avantages de la concurrence et proportionnée à l'expansion des marchés intérieur et extérieur;
- b) la promotion d'une plus grande stabilité du revenu de la ferme familiale, comme moyen d'accroître l'avantage concurrentiel par la continuité de l'offre et comme moyen de faciliter la planification et le financement;
- c) faciliter l'adaptation à l'évolution économique et sociale, afin d'aider les familles agricoles et rurales à atteindre leurs aspirations économiques, en encourageant l'expansion des petites entreprises agricoles et en contribuant au développement des communautés rurales.

On cherche à réaliser ces buts et objectifs par le truchement d'une concurrence agricole accrue par la recherche et le progrès continus, d'une organisation et une commercialisation améliorées, d'un meilleur usage des opportunités fournies par une technologie nouvelle, d'une expansion de la production et d'une plus grande stabilité.

Les priorités liées à ces objectifs peuvent être modifiées selon les résultats obtenus de la recherche agricole, les évaluations du rendement et des perspectives de l'agriculture. Ces évaluations indiquent le besoin de donner une priorité plus grande aux objectifs interdépendants de stabilisation et de diversification dans la poursuite de l'expansion agricole, particulièrement dans l'Ouest.

Concrètement, dans l'Ouest, il semble exister de grandes possibilités de diversification de la production agricole, grâce à l'expansion de l'élevage bovin et porcin, et de l'accroissement du conditionnement des oléagineux. Toutefois, la réalisation de ces possibilités de diversification de l'agriculture peut exiger des changements en ce qui concerne l'accès aux marchés extérieurs, des efforts plus grands d'expansion des marchés, des transformations dans les installations et les coûts de transport, de même que de nouvelles initiatives aux niveaux de la production et du conditionnement.

La stabilisation peut prendre la forme d'une diversification visant à diminuer la variabilité des revenus, mais comprend aussi des mesures comme le financement et l'entreposage, et, plus directement, une régulation plus grande de la production agricole grâce à l'évolution technologique. La stabilité peut réduire les fluctuations des revenus agricoles, stimuler la croissance de la production agricole, en diminuant l'incertitude, éviter des ajustements inutiles à court terme. La stabilité peut aussi être une condition indispensable pour promouvoir l'investissement dans les secteurs connexes et l'expansion des marchés. L'instabilité de l'agriculture de l'Ouest a manifestement eu des effets très graves sur les revenus des familles rurales. Elle a freiné l'expansion agricole et le manque de continuité de certaines denrées a nui à l'expansion de la transformation dans la région.

Toutefois, alors que la nécessité d'une plus grande diversification et d'une plus grande stabilité de l'agriculture de l'Ouest est évidente, le choix et la coordination des me-

sures les mieux appropriées pour y arriver ne sont pas chose facile et devront être élaborés. Une combinaison de mesures semble nécessaire; les possibilités, les problèmes et les solutions appropriées varient selon les denrées. Plus fondamentalement, les approches possibles contribuent différemment aux divers objectifs de la politique agricole et aux objectifs régionaux spécifiques de l'agriculture. Il est donc nécessaire d'identifier avec soin les objectifs et les buts, et d'évaluer à fond les différentes approches, afin d'arriver aux meilleures stratégies.

Du point de vue national, la poursuite de la politique de stabilité et de diversification doit être vue dans le contexte d'une augmentation de la contribution de l'agriculture à l'économie, et d'une amélioration du bien-être des familles agricoles. Il s'en suit que les efforts de stabilisation et de diversification doivent être entièrement compatibles avec l'expansion et le maintien de notre situation concurrentielle sur les marchés intérieurs et extérieurs, et doivent tenir compte des conséquences sur la rentabilité des exploitations et sur les revenus des familles agricoles. Ces questions sont fondamentales pour l'expansion à long terme de l'agriculture et des communautés rurales, et exigent des approches globales plutôt que des approches axées sur une denrée particulière ou les exploitations agricoles seules. Pour parvenir à la croissance et à la stabilité de l'agriculture en tenant spécialement compte de la qualité de vie et des possibilités des populations rurales, il faut considérer l'agriculture, la transformation, la commercialisation et les industries de biens et de services comme des composants d'un système. Des décisions dans des domaines apparemment aussi disparates que l'accès aux marchés étrangers, le transport intérieur ou les services aux communautés rurales, peuvent avoir des répercussions importantes sur tous les composants du système agricole. Il doit donc y avoir consultation lors de l'élaboration des politiques et de la coordination des programmes. De plus, le processus d'élaboration des politiques, comme mécanisme de consultation et d'évaluation des programmes et des projets, devra être fait prudemment et prendra nécessairement beaucoup de temps.

TROISIÈME PARTIE

Niveau de vie

Le système agricole repose sur une philosophie économique et politique, qui accorde une grande importance au désir de l'agriculteur et de l'homme d'affaires de prendre lui-même les décisions qui auront des répercussions sur ses affaires et son bien-être, sur le rôle de la propriété privée et le contrôle de ses ressources. Cependant, sous la pression des développements récents dans le domaine de la commercialisation, les agriculteurs et la collectivité rurale ont voulu préconiser et créer des instruments comme les coopératives, les offices de commercialisation et d'autres organismes dotés parallèlement de règlements de contrôle, dont le contingentement des ventes.

Le niveau relativement bas du revenu agricole et rural par rapport aux possibilités qui existent ailleurs a provoqué la migration vers les villes de l'Ouest. Dans certaines parties

de l'Ouest, les fermes et les régions rurales ont connu une grande pauvreté. Beaucoup de personnes ont quitté ces régions à leurs propres frais, souvent considérables. Le lent déclin de beaucoup de petites villes a souvent causé une pénurie de services ou une augmentation de leurs coûts aux agriculteurs, laissant aux centres urbains la tâche de fournir des services supplémentaires pour loger, éduquer et recycler les gens venant de la campagne.

L'instabilité de revenu a été un problème aigu pour les familles d'agriculteurs et les communautés rurales de l'Ouest. De fortes fluctuations de la production et des marchés ont modifié considérablement le revenu agricole annuel. Le revenu agricole net a atteint son sommet en 1966, pour baisser de 26% en 1969 et augmenter de 13% en 1972. Dans les années à faible revenu, beaucoup d'agriculteurs s'endettent lourdement. Ils doivent payer leurs créanciers lorsque le revenu s'élève de nouveau; ce qui laisse peu de possibilités d'investissement pour l'amélioration et l'expansion de l'exploitation agricole.

Malgré son importance, la croissance économique n'est pas la seule fin et peut se mesurer avec d'autres valeurs et avec le maintien de la structure actuelle de l'agriculture et des communautés rurales. Le niveau de vie est directement associé aux services fournis à la communauté comme ceux qui touchent à la santé, à l'éducation, au transport et aux activités sociales et culturelles. Un réseau de collectivités prospères est indispensable au maintien et à l'expansion de fermes rentables, qui fourniront un revenu suffisant à leurs occupants. Les agriculteurs doivent pouvoir compter sur les services offerts par les collectivités rurales pour leurs approvisionnements et pour d'autres fins publiques et commerciales.

La population rurale non agricole de l'ouest du Canada, qui dépend en grande partie de l'agriculture, réside dans presque 2,000 localités de 1,000 habitants ou moins. Beaucoup de ces centres montrent peu de signes de développement et sont à divers stades de déclin en ce qui a trait à la variété et la qualité des services rendus aux familles agricoles. Des enquêtes effectuées au Manitoba, en Saskatchewan et en Alberta indiquent qu'environ la moitié de ces communautés n'ont que 10 services ou moins.

PERSPECTIVES

De bonnes perspectives existent pour l'expansion de l'agriculture dans l'Ouest, bien qu'elles soient modérées par la nécessité de résoudre les problèmes causés par l'instabilité. La ferme familiale demeurera un trait inhérent de la structure agricole de l'Ouest. Les changements futurs continueront probablement de favoriser les grandes exploitations, l'accroissement du nombre de fermes commercialement rentables et le déclin des fermes à faible revenu. Cela suppose une certaine persistance du déclin de la population rurale ainsi qu'une migration à l'extérieur des régions rurales, à moins que l'emploi rural non agricole augmente. Ainsi, le coût des services sociaux dans les régions rurales pourrait continuer d'augmenter.

PROBLÈMES

La population rurale éprouve des difficultés dans la poursuite d'un niveau de vie comparable à celui des cita-

dins, sans sacrifier pour autant les structures rurales. Les possibilités d'emplois non agricoles permanents ou saisonniers sont insuffisantes.

QUATRIÈME PARTIE

Culture et élevage

Dans l'ouest du Canada, les secteurs de la culture et de l'élevage sont complémentaires à certains égards et concurrentiels à d'autres, pour ce qui est de leurs exigences en ressources. L'élevage des bovins et des moutons complète la culture des céréales, car il se fait sur les terrains moins cultivables; les bovins, les porcs et les volailles servent à la commercialisation d'une grande partie des récoltes de la région. Dans les régions arables, les besoins de superficie et de capital donnent lieu à une concurrence entre les entreprises d'élevage de bovins et de moutons et les entreprises de culture. Leur importance relative se modifie avec les variations des rapports entre les prix.

Dans les conditions économiques et technologiques actuelles, la superficie consacrée à l'élevage et à la culture est plus ou moins stable; par conséquent, la croissance des deux secteurs doit s'appuyer sur un emploi plus intensif des ressources agricoles actuelles. L'accroissement des troupeaux de bovins de boucherie de l'Ouest du Canada est liée, dans le cadre des méthodes actuelles de gestion, à la hausse des disponibilités en pâturages. Cette possibilité semble très limitée dans les prairies du sud, mais plus grande dans les régions des parcs. Toutefois, dans ces dernières, les pâturages doivent affronter une gamme plus variée de cultures céréalières et oléagineuses. En Colombie-Britannique, d'immenses régions septentrionales peuvent être vouées à l'élevage des bestiaux si l'on utilise de grandes superficies, mais ces pâturages ont une faible capacité. Les possibilités d'accroissement de la production céréalière de l'Ouest dépendent en grande partie d'un emploi plus grand des engrais, ainsi que des variétés nouvelles et améliorées, et d'une réduction de la superficie en jachères là où cela est possible.

Céréales

Quelque 170,000 exploitations de l'ouest du Canada sont céréalières. Elles sont le fondement de l'économie agricole. Leurs ventes sont une source importante de revenu en espèces et leurs exportations contribuent aux recettes commerciales du Canada. Les céréales sont aussi un important facteur de production de l'industrie du bétail et de la volaille et d'un bon nombre d'industries secondaires.

En 1971, les recettes en espèces provenant de la production de blé, d'avoine, d'orge et de seigle, au Manitoba, en Saskatchewan et en Alberta ont dépassé \$850 millions. Les exportations de ces quatre céréales ont été évaluées à plus de \$1 milliard. Le bétail et la volaille consomment annuellement environ 900 millions de boisseaux, et 100 millions de boisseaux de divers types de céréales servent au brassage, à la distillation, à la fabrication de farine et aux industries alimentaires.

PERSPECTIVES

Selon les projections de l'Organisation des Nations Unies pour l'alimentation et l'agriculture (FAO), la demande mondiale en céréales augmentera de 2.4% par année jusqu'en 1980. Les deux tiers de la hausse prévue de la consommation des céréales serviront à des fins non alimentaires, notamment à l'alimentation du bétail, à la semence et aux usages industriels. On prévoit que la progression de la consommation humaine de blé se stabilisera progressivement, car la baisse de la consommation par habitant compensera, dans une grande mesure, les effets de la croissance de la population. Les variétés communes de céréales ne sont actuellement pas susceptibles de servir à la préparation de concentrés protéiques ni d'isolats en raison de leur teneur relativement faible en protéines; toutefois, les nouvelles variétés et les programmes d'amélioration visant à satisfaire les besoins du marché pourraient modifier cette situation. Si la progression récente de la demande mondiale de viandes, particulièrement au Canada et aux États-Unis, se poursuit, il y aura expansion du marché, intérieur et extérieur, des céréales fourragères.

En dépit des possibilités de diversification, les agriculteurs des provinces des Prairies continueront de cultiver surtout les céréales. Les perspectives de hausse des prix des céréales produites dans l'ouest du Canada dépendent, dans une grande mesure, de l'augmentation de la production de bestiaux. Rien ne semble indiquer que les marchés d'exportation de la farine seront reconquis ni que de nouveaux débouchés seront ouverts; de même, rien ne semble laisser prévoir l'établissement d'un marché d'exportation des aliments mélangés pour le bétail.

En raison des limites de la superficie cultivable de l'Ouest et de la concurrence croissante de la part des oléagineux et des bestiaux, l'augmentation de la production de céréales devra se fonder, au cours des prochaines années, en grande partie sur des hausses de rendement et sur la réduction des superficies en jachère.

CONTRAINTES

Le climat d'une grande partie de l'ouest du Canada limite la production des céréales. Celles-ci constituent pour quelques agriculteurs leur seule possibilité de culture; ce qui les rend dépendants des marchés internationaux de céréales, particulièrement du blé. Les marchés mondiaux fluctuent habituellement entre deux extrêmes: de forts excédents vendus à des prix faibles ou des stocks insuffisants à des prix plus élevés. Les fluctuations des marchés mondiaux influent en revanche sur les recettes en espèces des producteurs de céréales des Prairies et des industries secondaires de l'Ouest.

Nos marchés d'exportation sont situés à plusieurs milliers de milles de la zone de production, ce qui nécessite la coordination de nombreuses activités complexes de manutention et de transport entre l'agriculteur et le consommateur de céréales. La collaboration internationale dans le domaine de la planification de la production et de la commercialisation des céréales est limitée. Les efforts réalisés à l'échelle internationale n'ont exercé que peu de pression sur les politiques et programmes agricoles conçus par les forces intérieures puissantes d'autres pays.

Il est nécessaire d'exploiter une grande superficie pour appliquer efficacement la technologie à la production de céréales; ce qui donne lieu à une forte concurrence, étant données les ressources limitées de terrain. Le rendement des céréales dans l'ouest du Canada est généralement plus faible que dans certains autres pays, en raison des conditions climatiques et parce que les prix de soutien élevés de nombreux pays entraînent les agriculteurs à augmenter leurs investissements dans la production de céréales. Toutefois, à cause de la nature extensive de sa production de céréales et ses produits de haute qualité, l'Ouest canadien peut concurrencer avec succès les marchés mondiaux. Les producteurs de l'Ouest sont devenus très habiles pour adapter la production à leur environnement; cette faculté n'a toutefois fourni au pays aucun avantage de production sur les autres principaux pays exportateurs de céréales.

Les problèmes de main-d'œuvre dans la manutention et le transport des céréales ainsi que l'insuffisance des chemins de fer, de l'ensilage et des installations portuaires, nuisent parfois à l'exportation en quantité des bonnes catégories de céréales et à l'accroissement maximum de nos exportations.

Le système de classement des céréales fourragères, en particulier l'orge, ne tient pas compte entièrement des facteurs touchant leur valeur alimentaire. Ainsi, le prix concurrentiel de ces céréales est un problème.

Il est nécessaire d'améliorer la coordination des installations servant à la manutention et au transport des céréales et des oléagineux. La Commission canadienne du blé vend le blé, l'avoine et l'orge. Le seigle, le lin et le colza sont commercialisés par des entreprises privées, mais la Commission régularise les livraisons de leur production sur le marché.

Les agriculteurs n'ont pas entièrement profité des occasions de modifier leurs critères de production devant les exigences changeantes du marché.

PROBLÈMES

- a) L'écart dans les recettes en espèces de la production des céréales; cet écart est attribuable aux fluctuations des disponibilités mondiales, aux conditions climatiques des Prairies et au manque de coordination de la commercialisation des céréales à l'échelle internationale. Voici un exemple de l'écart entre les recettes en espèces: la vente du blé a rapporté \$1 milliard en 1967, mais seulement de \$443 millions en 1970.
- b) Le peu de possibilités de diversification vers d'autres types de production dans de nombreuses régions des Prairies; ce qui oblige les agriculteurs à produire des céréales et donne lieu à une tendance inhérente à la surproduction comparativement à la demande réelle. Les agriculteurs continuent de cultiver du blé vitreux de printemps à forte teneur en protéines, même si le marché pour ce type de blé a changé et que celui des autres types de blé et de céréales secondaires est en plein essor.
- c) Le mode de rationalisation des installations de manutention et de transport servant à la commercialisation des céréales de la Commission cana-

dienne du blé, et des céréales et oléagineux des autres sociétés.

- d) Le développement du marché, ainsi que le besoin de maintenir et d'étendre les marchés à l'exportation malgré les barrières commerciales des pays importateurs, les exportations subventionnées des autres nations, le commerce décroissant de la farine de blé, les améliorations techniques permettant l'emploi des blés plus tendres pour la cuisson et les disponibilités variables de blé et d'orge à l'exportation.

Oléagineux

Les quatre oléagineux cultivés dans l'ouest du Canada, le colza, le lin, le tournesol et la moutarde, englobaient une superficie d'environ cinq millions d'acres en 1971. Ils sont manipulés et commercialisés par l'entreprise privée. Le colza est trituré surtout dans l'ouest du Canada. Le lin est trituré entièrement dans l'est du Canada et l'établissement de trituration d'Altona (Manitoba) est de fait le seul au Canada à traiter des graines de tournesol. Le raffinement des graines de moutarde est effectué en totalité à l'étranger.

La trituration au Canada produit des huiles végétales brutes et raffinées et des tourteaux à teneur élevée en protéines. Dans le passé, la production des huiles et des tourteaux était destinée au pays, mais le Canada commence à pénétrer sur le marché international de façon passablement importante. L'huile de colza représente maintenant 40% de la consommation domestique totale d'huiles végétales.

Suite à la récolte de 1971-1972, les exportations de colza ont été évaluées à \$111 millions. La valeur totale de la récolte de 1970-1971 fut estimée à \$165 millions; les recettes totales du lin à la production s'élevèrent alors à \$111 millions; celles du tournesol, à plus de \$3 millions; et celles de la moutarde, à presque \$6 millions. On a évalué les exportations de graine de tournesol destinées en grande partie aux confiseries à près de \$4 millions, en 1971-1972.

PERSPECTIVES

La consommation mondiale d'huiles comestibles connaît une hausse soutenue d'environ trois ou à quatre pour cent par année; l'huile de colza devrait conserver sa part du marché ou l'accroître. On s'attend à une croissance rapide de la demande de tourteaux à teneur élevée en protéines au cours des années 1970, au Canada et à l'étranger; cette expansion est attribuable à la demande accrue de bestiaux et de volailles à l'échelle mondiale. Toutefois, la présence de thioglucosides dans les tourteaux de colza restreint la quantité de colza absorbée par les bestiaux et limite l'accroissement de la demande de tourteaux; ce qui permet à ce produit de conserver sa part des marchés intérieur et extérieur habituels. Les changements apportés aux barrières commerciales du colza dans les négociations du GATT, particulièrement en Amérique Latine et sur le littoral du Pacifique, pourraient en améliorer de façon importante les possibilités de croissance à long terme sur le marché. Le retrait des thioglucosides des tourteaux par hybridation, ou par des méthodes technologiques dont l'application est prévue pour 1977-1981, permettra d'accroître éventuellement le marché du colza comme substitut au soja.

Les perspectives de croissance du marché du lin, qui dépendent dans une large mesure de la demande internationale (étant donné qu'une partie importante de la production canadienne est exportée), semblent modestes à long terme. Celles de la graine de tournesol apparaissent excellentes en raison des possibilités de production d'hybrides à meilleur rendement au cours des quatre ou six prochaines années. Le Canada est de loin l'exportateur le plus important de graine de moutarde à l'échelle mondiale; l'essor de ce marché dépend donc en grande partie de la hausse de la demande mondiale. Le Canada étant un importateur net de produits transformés de graine de moutarde, il devrait exister une possibilité de saisir la valeur plus grande attachée à la transformation de la graine de moutarde. Le Canada doit déployer les efforts les plus intenses pour faire sien la valeur accrue de l'industrie des oléagineux en tirant des tarifs futurs, en mettant sur pied un système très efficace de mise en marché pour concurrencer les marchés mondiaux des oléagineux, des huiles et des tourteaux.

CONTRAINTES

Un certain nombre d'aspects du système de transport et de manutention des oléagineux tend à fausser les possibilités de production et de transformation à l'échelle régionale. Le tarif de transport des huiles végétales, les tarifs intérieurs sur les expéditions de colza vers les établissements de trituration dans les Prairies et l'emplacement des installations de nettoyage du colza et du lin militent contre une expansion soutenue de la production des oléagineux dans l'Ouest et, ce qui est plus important, offrent aux autres pays l'occasion d'accroître leurs activités, particulièrement dans le secteur de la trituration des oléagineux.

La variation des superficies et l'instabilité des prix des oléagineux jouent un rôle fondamental dans la croissance à long terme du secteur. Les variations annuelles de superficie s'expliquent, dans une grande mesure, par le fait que les prix des cultures céréalières et des oléagineux sont fixés de façon indépendante, bien que la prévision des prix soit le principal facteur déterminant les cultures céréalières et oléagineuses. L'insuffisance de la production des oléagineux attribuable aux prix relativement élevés des céréales ne devrait pas modifier de façon sensible les rapports entre les prix à l'échelle mondiale; car, même si le Canada est le plus important exportateur de colza et, la plupart du temps, le plus grand exportateur de lin, le volume des exportations d'huile et de tourteaux reste infime comparativement à la totalité des échanges mondiaux des huiles et tourteaux. On peut considérer l'instabilité annuelle des prix comme un obstacle à la croissance optimale de ce secteur. Les prix à la production sont déterminés quotidiennement.

Le choix de systèmes de commercialisation du colza et peut-être du lin a fait l'objet de discussions au sein de l'industrie et du gouvernement ces derniers mois. Les problèmes soulevés par ce choix portent sur l'écart des prix entre les marchés et la coordination de la commercialisation avec les autres cultures de l'Ouest du Canada.

L'abandon de la préférence du Commonwealth, qui assurait la libre entrée des oléagineux et des produits con-

nexes au Royaume-Uni, a des effets au Canada, qui doit concurrencer ouvertement les États-Unis dans les exportations de soja au Royaume-Uni. Il peut en résulter un déclin du rôle du Canada, en tant que transformateur de soja américain destiné au marché britannique. De plus la politique agricole commune de la Communauté économique européenne augmentera de façon marquée les prix des oléagineux au Royaume-Uni, où elle a déjà stimulé la production de colza et continue de le faire. Il peut en résulter la perte des marchés d'oléagineux en Europe, non seulement pour le soja mais aussi pour le colza.

Le Canada a les tarifs à peu près les plus bas et fait face à des barrières non tarifaires, concernant le commerce des oléagineux. Ces barrières qui portent sur les huiles et les tourteaux sont généralement plus élevées que celles qui concernent les oléagineux sous forme de semences; les barrières qui existent pour le colza et les produits connexes sont habituellement plus élevées que celles qui concernent les autres oléagineux et produits connexes, à l'exception du Japon et de la CEE, ses meilleurs clients pour le colza. Les changements dans les barrières tarifaires et non tarifaires influenceront fortement l'expansion du marché international du Canada quant au colza et à ses produits dérivés, particulièrement en Amérique Latine, en Amérique Centrale et sur le Littoral du Pacifique.

QUESTIONS

- a) Les tarifs de transport pour les huiles végétales au sein du marché intérieur et des marchés internationaux, par rapport aux tarifs sur les oléagineux et leurs tourteaux. Les taux différentiels assurent une préférence pour la circulation d'oléagineux sous forme de semences et modifient la position compétitive de l'Ouest canadien pour la trituration des oléagineux.
- b) Les tarifs de transport pour le colza, du silo à l'usine de trituration à l'intérieur des Prairies, par rapport à ceux du colza destiné à l'extérieur des Prairies tant sur le marché intérieur qu'international. L'écart du taux modifie la position des usines de trituration d'oléagineux de l'Ouest canadien en satisfaisant la demande du marché intérieur et international.
- c) L'approvisionnement assuré et soutenu de colza tant sur le marché intérieur qu'international. Il est important de fournir une capacité adéquate de transport pouvant approvisionner l'exportation.
- d) L'emplacement des installations de nettoyage de colza et de lin, principalement aux termini d'exportation, exerce une pression sur les dispositifs de transport et de manutention, surtout dans les années où le volume des exportations de récoltes céréalières et oléagineuses était élevé.
- e) L'augmentation des exportations d'huiles et de tourteaux. Si l'on songe à augmenter considérablement le volume des exportations, il faudra prévoir aussi accroître les capacités d'emmagasinage des huiles et des tourteaux.
- f) L'instabilité de la production et des prix, tant d'une année à l'autre qu'au sein d'une même année.

- g) Le choix de systèmes de commercialisation, qui tiennent compte à la fois des choix des meilleurs arrangements visant à améliorer le milieu de croissance et la commercialisation méthodique du colza, et peut-être du lin aussi, ainsi que de la commercialisation du blé et des autres céréales fourragères. L'assurance des approvisionnements pour la livraison en vertu de contrats à terme et la réduction de l'écart entre les prix au point de départ et ceux à la livraison, ainsi qu'entre les marchés, sont des problèmes spécifiques à résoudre.

Cultures fourragères

Les récoltes fourragères ne sont pas un produit agricole fini. Elles apportent cependant un produit de base à l'élevage des bovins et des moutons. Peu d'agriculteurs font un commerce de la culture fourragère. Les gouvernements fédéral et provinciaux fournissent des pâturages communs. Si l'on veut accroître la production du bœuf de l'Ouest, on doit aussi prévoir un approvisionnement suffisant de fourrages.

En 1971, il y avait, dans l'Ouest, près de six millions d'acres de pâturages améliorés, plus de six millions d'acres de foin cultivé, et 1,5 million d'acres de diverses cultures fourragères. Il y avait aussi 35 millions d'acres de pâturage non améliorés, ainsi que 4,5 millions d'acres de forêt, dont une partie servait de pâturage, malgré son faible rendement.

PERSPECTIVES

On peut accroître la production fourragère de trois façons: a) par l'accroissement de la production des terres actuellement en fourrage; b) par la mise en valeur des ressources en sol non utilisé; c) par l'utilisation pour la production fourragère, de terres actuellement en céréales.

Ces améliorations et réaffectations des terres répondent à la fluctuation des prix du marché. Avant cependant d'entreprendre des dépenses à ces fins, les éleveurs doivent s'assurer que le prix du bétail continuera d'être favorable. Il faut plusieurs ans au moins pour commencer à retirer des profits sur ces investissements.

On poursuit toujours l'exportation de variétés de maïs fourrager, qui peut être utilisé dans certaines régions de l'Ouest. Ceci pourrait avoir un effet considérable sur la production du bœuf. Il est possible d'utiliser davantage les résidus des récoltes, comme la paille et les criblures, dans des rations destinées aux bovins de boucherie.

PROBLÈMES

Dans de vastes régions, le climat n'est pas propice à l'établissement et à la production de cultures herbagères. La sécheresse nuit souvent à la germination des semences fourragères et à la récolte, causant ainsi une instabilité dans la production. En outre, de faibles rendements à l'acre, dans certaines régions de l'Ouest, même dans les meilleures années, préviennent l'expansion, en superficie, de la culture fourragère.

Les programmes d'amélioration demandent de deux à quatre années avant d'accroître les fourrages. Il faut de deux à quatre années avant de mettre sur le marché un bovin engraisé suite à l'accroissement des fourrages.

A l'exception de la région de la rivière La Paix, une grande partie des terres non améliorées des Prairies est formée de parcelles plutôt petites, dont l'exploitation pour la production fourragère s'avérerait peu rentable.

Le coût de la lutte contre les insectes, les maladies, les mauvaises herbes et les broussailles, ainsi que l'absence d'un marché spécifique, justifient difficilement les fermiers à investir davantage dans la culture fourragère.

QUESTIONS

Le maintien d'un approvisionnement suffisant en fourrages pour une production animale croissante. Les problèmes économiques actuels, soulevés par la rénovation des pâturages, la nature à long terme des mises de fonds et des recettes, et les rajustements de structure qui s'imposent dans les ranches, font obstacle à l'expansion maximale des pâturages et l'approvisionnement de fourrages dans l'Ouest.

Autres cultures

Les autres cultures produites en quantités variables dans l'Ouest canadien sont le sarrasin, la betterave à sucre, la graine de moutarde, les pois, les semences de légumineuses et de graminées, ainsi que certaines variétés de haricots. Les fluctuations des marchés mondiaux des grains, qui entraînent de vastes variations dans les revenus agricoles de l'Ouest, le déclin du marché du blé vitreux de printemps et la hausse de la demande mondiale de protéines font ressortir la nécessité de continuer à diversifier les cultures de l'Ouest.

La production de la betterave sucrière des Prairies bénéficie d'une importante protection. Elle fait l'objet de tarifs de transport spéciaux pour le sucre raffiné dans cette région et de prix de soutien de l'Office fédéral de stabilisation des prix agricoles. Près de 75,000 acres sont cultivées par contrat par 1,200 cultivateurs.

PERSPECTIVES

Quelques cultures actuelles ont un potentiel d'expansion tandis que d'autres, nouvelles, ont un potentiel de production commerciale. Le premier groupe comprend le maïs fourrager, le sarrasin, les pois, certaines variétés de haricots et les semences de graminées et de trèfles. Le second comprend une vaste gamme de fines herbes, de cultures oléagineuses et d'épices, telles que le coriandre, la menthe, le basilic, le safran, la bourrache et la marrube. Plusieurs de ces cultures sont destinées à un marché spécialisé et, dans des cas, ne demandent qu'une faible superficie de culture. Leur valeur potentielle réside en ce qu'elles offrent aux cultivateurs la possibilité de diversifier leur production et d'en tirer de nouvelles sources de protéines.

La production de la betterave sucrière s'accroîtra en fonction de la population de la région. Le sarrasin est tout d'abord une culture d'exportation et nous pourrions peut-être accaparer une plus grande partie du marché japonais, si nous offrons des variétés à plus gros grains et un approvisionnement continu. Il y a un débouché pour les pois et les haricots sous forme d'aliments à haute teneur en protéines pour le bétail.

PROBLÈMES

La création d'autres variétés de cultures adaptées aux conditions de croissance de l'Ouest et l'orientation du

potentiel du marché pour ces cultures nécessitent des recherches plus poussées.

QUESTIONS

La coordination de l'information sur les possibilités de production et des marchés pour les cultures, qui sont ou pourraient être adaptées à la production de l'Ouest canadien.

Fruits, légumes et pommes de terre

La production des fruits et légumes de l'Ouest canadien est généralement le fait d'un grand nombre de petites entreprises, souvent liées à un emploi non agricoles ou associées à d'autres exploitations agricoles. On compte aussi quelques entreprises moyennes ou grosses. La Colombie-Britannique se signale par la vente à l'étalage le long des routes ou d'autres méthodes de vente de produits à la ferme même.

Les cultures horticoles occupent une superficie d'environ 1,500 acres dans l'Ouest. En 1971, les fruits occupaient environ 44,000 acres; les légumes, 31,000; et les pommes de terre, 71,000. Presque tous les fruits et plus de la moitié des légumes étaient cultivés en Colombie-Britannique. Environ 87 p. 100 de la superficie en pommes de terre se trouvait en Alberta, au Manitoba et en Saskatchewan, où la production par ferme est relativement élevée.

En 1971, les recettes pour les fruits dans l'Ouest s'élevaient à \$28 millions, les légumes à \$18 millions et les pommes de terre à \$22 millions, soit un total de \$68 millions. La Colombie-Britannique compte environ le tiers de la valeur de la production fruitière du Canada.

PERSPECTIVES

On s'attend à ce que la production de fruits de verger et de petits fruits augmente en Colombie-Britannique à l'exception des poires et des abricots. La superficie en arbres fruitiers diminuera; mais, par contre, on prévoit des plantations à plus forte densité.

On s'attend à ce que la production de pommes de terre augmente au Manitoba et en Alberta avec la demande des produits de la pomme de terre. Le climat continuera à limiter l'expansion de la production fruitière dans les Prairies.

Il serait possible d'accroître le marché des pommes aux États-Unis et au Royaume-Uni. Il y a aussi une demande plus forte du marché intérieur pour les pommes de l'ouest du pays. L'accès à de nouveaux marchés dans les pays côtiers du Pacifique ouvrira de nouveaux débouchés. On s'attend à une hausse de la demande de plantes ornementales, de champignons et de produits de serre. L'avenir de la transformation de fruits et légumes semble peu prometteur à l'exception de celle des pommes de terre et des raisins.

PROBLÈMES

Nonobstant le climat tempéré de la côte de la Colombie-Britannique, les régions agricoles de l'Ouest canadien se trouvent à la périphérie de la région la plus productrice de fruits et légumes en Amérique du Nord, en termes de climat, de sol et de proximité des grands marchés. La production horticole de l'ouest du Canada est restreinte à

cause de la brièveté des saisons de croissance, des risques de perte et de la brièveté de la période des récoltes et de la mise en marché.

De pair avec la variation des rendements, la fluctuation des prix, qui n'est pas toujours déterminée par la production domestique, entraîne une instabilité considérable des revenus. La concurrence croissante des importations des diverses parties du monde, qui ont des avantages de production absolus, fait baisser les prix. Il en est de même du développement de moyens de transport modernes, qui permettent le déplacement rapide de produits de haute qualité.

Les retards dans la récolte et la mise en marché empêchent les producteurs de l'Ouest de bénéficier des premières ventes des fruits et légumes, parce que l'importation de produits étrangers répond déjà à la demande des consommateurs.

Les problèmes de main-d'œuvre ont préoccupé les agriculteurs. Il peut s'en suivre que les petites exploitations se limitent à la production familiale. La production horticole a de lourdes exigences de travail saisonnier et la main-d'œuvre saisonnière est souvent difficile à obtenir. De même, le coût des terrains est un facteur important, qui milite contre la production des fruits et légumes en Colombie-Britannique.

QUESTIONS

La stabilité et la viabilité de ces industries, compte tenu des contraintes agronomiques et économiques qui affectent leur fonctionnement.

Bovins et bœufs

Centre de naissance et de production de bovins d'engrais, l'Ouest canadien étend rapidement ses installations de finition et d'abattage des bovins de boucherie. Bien qu'on fasse déjà beaucoup d'abattage dans l'Ouest, on fait encore très peu de transformation du bœuf dans l'ensemble du pays.

En 1971, 82% des 3.5 millions de vaches de boucherie du Canada se trouvaient dans l'Ouest, principalement en Alberta. En 1971, 61% des veaux et gros bovins des exploitations agricoles canadiennes se trouvaient dans l'Ouest. Chaque année, de 350,000 à 500,000 bovins d'engrais sont expédiés de l'Ouest canadien aux parcs d'engraissement de l'Ontario. Le bœuf constitue le secteur le plus considérable de l'agriculture canadienne: en 1971, il fournissait \$1 milliard de revenus agricoles en espèces, à l'échelle nationale, dont \$605 millions à l'Ouest canadien, ce qui représentait 26% du revenu agricole.

Le plus gros importateur de bœuf au monde, les États-Unis fixent, en fait, le niveau des prix de base du bœuf canadien. D'importantes quantités de bœuf vivant ou abattu traversent assez facilement la frontière, selon la situation de l'offre et de la demande. Ainsi les États-Unis restent un débouché pour les bovins d'engrais ou d'abattage, lorsque l'offre dépasse les besoins au Canada. On a pu atteindre le haut niveau des exportations canadiennes de bœuf habillé depuis 1970, grâce à sa substitution par du bœuf congelé provenant de l'Océanie.

PERSPECTIVES

En 1970, le Canada a consommé à peu près 1.8 milliard de livres de bœuf par année, soit environ 15% de plus qu'au milieu de la décennie précédente. La consommation par habitant est passée de 84 à 87 livres et devrait atteindre 100 livres en 1980. L'augmentation de la consommation et l'accroissement de population feront monter la demande de bœuf à plus de 2.6 milliards de livres en 1980, au pays.

Aux États-Unis, notre principal marché d'exportation, la consommation de bœuf par personne est passé de 100 livres au milieu des années '60 à 115 livres en 1972; et on s'attend qu'elle sera de 140 livres en 1980. La consommation de bœuf aux États-Unis a été de 23 milliards de livres en 1970 et atteindra 31 milliards de livres en 1980.

L'Ouest canadien possède donc un marché de bovins et de bœuf en expansion rapide, tant à l'intérieur qu'à l'étranger; le revenu obtenu dans ce secteur devrait continuer à s'accroître jusqu'à constituer une proportion importante du revenu de ferme. Il devrait aussi favoriser l'expansion du secteur de la transformation.

PROBLÈMES

La disponibilité de vastes pâturages et de leurs capacités, les fourrages, l'eau, les compléments protéiques et les céréales fourragères sont autant de facteurs de contrainte sur l'expansion de l'industrie. En outre, la fluctuation des prix du bœuf à la ferme est de nature à décourager les cultivateurs et producteurs, quand vient le temps de faire les investissements nécessaires à l'expansion de leur industrie. De plus, les prix élevés encouragent les cultivateurs à vendre leurs génisses pour l'abattage plutôt que de les garder pour remplacer et grossir leurs troupeaux.

QUESTIONS

- L'extension de l'industrie bovine dans l'Ouest avec des contraintes d'approvisionnement variable en fourrages et en eau et les besoins d'investissements à long terme.
- Le manque de renseignements quotidiens et globaux sur les exigences du marché et les disponibilités tant sur les marchés intérieurs que sur les marchés internationaux.
- La suspension temporaire des tarifs douaniers sur le bœuf importé, incluse dans le budget fédéral en 1973.

Porcs et viande de porc

L'élevage porcin de l'Ouest du Canada fournit des porcs pour le marché intérieur, et pour l'exportation aux États-Unis et, plus récemment, au Japon. En 1972, les exportations de porc au Japon ont atteint 29 millions de dollars, et celles aux États-Unis, 31 millions. Le nombre de porcs abattus varie d'année en année, mais la production a tendance à augmenter. L'Ouest fournit aujourd'hui 48% des abattages de porc de tout le pays, comparativement à une moyenne de 41% durant la décennie de 1960. Le revenu agricole en espèces, tiré de la vente de porcs de l'Ouest canadien, s'est élevé à \$256 millions en 1972, soit 9% du revenu agricole en espèces de la région.

PERSPECTIVES

La demande pour le porc devrait continuer d'augmenter au Canada comme partout ailleurs dans le monde. La consommation individuelle dépasse aujourd'hui 60 livres alors qu'elle n'était que de 51 livres à la fin des années '60. La consommation de porc aux États-Unis, au Japon et en d'autres pays devrait augmenter de façon soutenue durant la décennie de 1970, fournissant ainsi d'importantes possibilités aux producteurs de porc des Prairies.

Il serait possible de développer l'industrie de transformation du porc dans l'Ouest canadien pour les marchés intérieurs et d'exportation. Les jambons canadiens sont des produits de qualité qui ont des possibilités à l'échelle du marché mondial. Les États-Unis ont augmenté leurs importations de porc de 171 millions de livres en 1960 à près de 400 millions de livres en 1972. Presque 80% de ces importations étaient du porc en conserve venant surtout de l'Europe occidentale.

PROBLÈMES

L'Ouest canadien est plus exposé que l'Est aux fluctuations de la production. La nature cyclique de la production porcine dans l'Ouest canadien est en partie causée par la variation dans les approvisionnements et les prix du fourrage et, par conséquent, crée une instabilité des industries connexes.

QUESTIONS

- Le manque de méthode centralisée ou d'un système de commercialisation qui permettrait de contracter d'avance les exportations de porc de l'Ouest.
- L'absence d'une politique intégrée sur les céréales et les bestiaux, qui assurerait la disponibilité de céréales fourragères aux producteurs de bestiaux du pays à des prix concurrençant régulièrement ceux du maïs américain.

Mouton

Environ la moitié des moutons canadiens sont élevés dans l'Ouest du pays. La production de mouton et d'agneau a baissé au Canada, depuis 1950, bien que leur consommation ait augmenté. Environ 75% du mouton et de l'agneau consommés au pays sont importés. On importe aussi beaucoup de laine.

La production de mouton et d'agneau est si faible que de nombreux abattoirs n'en font pas l'abattage. La situation est semblable en ce qui a trait au nettoyage de la laine, parce qu'il est difficile d'organiser un établissement qui disposera d'un volume suffisant pour fonctionner de façon rentable.

L'industrie ovine dans l'Ouest canadien fait concurrence aux exploitations de naissance, pour ce qui est des pâturages

PERSPECTIVES

Les perspectives du marché sont brillantes à cause d'une demande croissante pour le mouton et l'agneau.

PROBLÈMES

Il y a pénurie de main-d'œuvre expérimentée pour prendre soin des troupeaux d'élevage.

CONTRAINTES

La principale question est de savoir si la production de mouton peut concurrencer avec succès celle de bœuf dans l'Ouest canadien.

Lait

L'Ouest canadien produit environ 22% des approvisionnements de lait du Canada. La production de lait a baissé dans toutes les provinces de l'Ouest, excepté en Colombie-Britannique, et les quatre provinces constituent une région déficitaire pour la production de produits laitiers transformés. En 1971, le revenu agricole tiré des produits laitiers dans les provinces de l'Ouest a été de \$144 millions.

En Colombie-Britannique, les pressions causées par les autres possibilités d'utilisation des terres a fait monter le prix des terrains à un niveau non économique pour la production du lait destiné à la transformation. Les provinces de l'Alberta, de la Saskatchewan et du Manitoba disposent cependant des terres suffisantes pour étendre l'exploitation laitière. Toutefois, la courte saison et des conditions capricieuses de paissance, des approvisionnements instables d'eau et de fourrages, ainsi que des hivers froids y freinent l'expansion de l'industrie laitière. Cependant, les provinces de l'Ouest aimeraient satisfaire une plus forte partie de leur demande régionale.

PERSPECTIVES

Il serait possible d'accroître la production de lait dans l'Ouest canadien, sauf en Colombie-Britannique où le coût de production canadien est élevée. L'Alberta fournit et devrait continuer à fournir une grande partie des besoins de lait industriel de la Colombie-Britannique.

Il y a accroissement de la demande de lait de consommation, de crème et de produits frais du lait comme le fromage cottage, le yogourt et la crème glacée. Les accords de marchés, conclus entre les offices provinciaux et la Commission canadienne du lait, et présentement en vigueur dans les provinces des Prairies, fournissent aux producteurs l'occasion d'accroître leur production de lait industriel. Les États-Unis devraient désormais devenir un importateur important d'extraits secs dégraissés; ce qui renversera la situation de la décennie précédente. Toutefois, le gros des exportations canadiennes sur ce marché continuera de provenir de l'Est canadien.

PROBLÈMES

Il n'existe que quelques établissements de transformation modernes et diversifiés dans les régions où l'on pourrait augmenter la production.

L'industrie laitière est aux prises avec un problème fondamental, impliquant la fluctuation tant des coûts d'exploitation de la ferme que de ceux de ses diverses sources d'approvisionnement.

QUESTIONS

Le taux de croissance de l'industrie laitière de l'Ouest et l'expansion des installations de transformation.

Volaille et œufs

L'industrie de la volaille de l'Ouest canadien repose en grande partie sur les besoins régionaux. Il se fait peu d'exportation de produits de la volaille, à l'exception des œufs du Manitoba. Cette province et la Saskatchewan manquent ordinairement de viande de dindon. L'industrie avicole détient une forte base de céréales dans les Prairies, mais pas en Colombie-Britannique. En 1971, les recettes de l'aviculture de l'Ouest se chiffraient par 127 millions.

Une agence nationale de commercialisation des œufs a été créée, qui a fixé des contingents pour la production des œufs en fonction de celle de chaque province de 1967 à 1971. Des négociations se poursuivent sur la création de semblables agences de commercialisation pour les dindons et les poussins à griller.

PERSPECTIVES

La demande continuera à augmenter en fonction de l'accroissement de la population et des revenus. La viande de volaille et les œufs devraient pouvoir lutter favorablement pour une part du marché croissant de protéines carnées.

PROBLÈMES

Les aviculteurs de l'Ouest sont désavantagés, en raison de la faible population régionale et des distances à parcourir pour atteindre les grands marchés dans l'est du Canada.

Il y a une pénurie régionale de compléments protéiques de haute qualité destinés à la volaille. En Colombie-Britannique, ce n'est qu'à l'extérieur de la région avicole, c'est-à-dire dans la région de la Peace River ou dans les Prairies, qu'on peut obtenir des grains.

Les établissements de transformation ont du mal à trouver une main-d'œuvre suffisamment compétente, surtout durant la période d'abattage des dindons lourds.

QUESTIONS

- a) La commercialisation des œufs et de la viande de volaille dans la mesure où ces produits sont touchés par les offices de commercialisation;
- b) l'expansion des marchés d'exportation du dindon et de ses produits pour que la production devienne moins saisonnière;
- c) la disponibilité de stocks de grains en Colombie-Britannique.

CINQUIÈME PARTIE

Facteurs de production et crédit agricole

PROBLÈMES ET PERSPECTIVES

Traditionnellement, le monde agricole fournit une assez grande part de ses propres facteurs de production. La ferme familiale fournit la main-d'œuvre, la gestion et la terre.

Cependant, en raison des changements technologiques et de la commercialisation de l'agriculture, les exploitants achètent leurs facteurs de production dans une proportion croissante. Dans l'Ouest, l'achat des biens et services par les agriculteurs constitue une source importante de revenus et d'emploi hors de l'agriculture. En 1972, l'achat de facteurs de production agricoles dans l'Ouest s'élevait à environ \$1 milliard.

La terre continue d'être un facteur important de production dans l'agriculture de l'Ouest, en raison de l'ampleur des exploitations agricoles, qui caractérise la plus grande partie de la région. Alors qu'il y a encore des terres à défricher, l'intensification de la production se fera surtout par l'utilisation plus intensive des terres, notamment par des investissements visant l'amélioration des terres, par l'emploi accru d'engrais et d'herbicides, et par des mises de fonds supplémentaires. Pour répondre aux inquiétudes causées par la concurrence du lotissement urbain de terres agricoles, à la hausse des prix des terres et aux préoccupations ayant trait à la structure de l'agriculture, certains gouvernements provinciaux de l'Ouest ont pris des mesures visant à planifier l'utilisation des terres.

La baisse des emplois agricoles dans les provinces de l'Ouest s'est limitée surtout à la main-d'œuvre des fermes et a été causée par la réduction du nombre d'exploitations agricoles de moindre importance et par le machinisme. Les salaires ont augmenté à un rythme presque aussi rapide que dans les autres secteurs, mais ils ont encore tendance à être relativement bas. Certains types d'exploitation de nombreuses régions des Prairies et de la Colombie-Britannique, demandent des effectifs plus nombreux, comme ceux des fruits et légumes, de la betterave à sucre et de l'industrie laitière. Ils ont cependant connu une pénurie de main-d'œuvre durant les mois de plein emploi saisonnier pour des travaux spécifiques en agriculture.

La forte dépendance de la production céréalière de l'Ouest sur la machinerie agricole et le moment où celle-ci est utilisée—dans une saison plutôt courte—donnent une importance considérable à la disponibilité de la machinerie et des pièces de rechange aux yeux des agriculteurs. Il en est de même des prix, des garanties et de la normalisation des pièces. En partie, les problèmes que l'on a connus sont attribuables aux difficultés de distribution de machines agricoles et des réseaux d'entretien et de réparation. La Commission royale d'enquête relative aux machines agricoles a recommandé la création d'une agence nationale d'essai et d'évaluation des machines agricoles, l'intensification de la recherche en matière de normalisation des pièces et la rationalisation des réseaux de distribution. Les ministres fédéral et provinciaux poursuivent l'étude en profondeur de ces problèmes.

Les combustibles et les lubrifiants n'ont jusqu'à récemment présenté aucun problème majeur. Toutefois, les hausses récentes des prix des combustibles et les perspectives d'une hausse des prix dans l'avenir, ont alarmé les agriculteurs. Ces derniers sont particulièrement vulnérables à la hausse du coût des combustibles à base de pétrole, principale source d'énergie dans la production agricole. Les augmentations du prix de l'énergie influeraient égale-

ment sur les coûts des facteurs de production en raison de la hausse des prix des engrais, des herbicides et des antiparasitaires lesquels forment avec les combustibles et les lubrifiants le gros des coûts des facteurs de production dans l'agriculture de l'Ouest.

En général, ces prix augmentent en fonction des pressions inflationnistes extérieures à l'agriculture, tandis que les prix des produits agricoles varient en fonction de l'offre et de la demande sur le marché international. Historiquement, ces prix ont augmenté beaucoup moins vite que ceux des facteurs de production. La dépendance croissante de l'agriculture à l'égard des facteurs de production rend la production agricole de plus en plus vulnérable à l'inflation dans l'économie en général.

L'augmentation rapide des besoins en capitaux est un aspect important de la taille et de la spécialisation croissantes des exploitations agricoles. L'ensemble des crédits accordés à l'agriculture s'est accru de plus de 150% au cours de la dernière décennie. Les crédits à court et moyen termes ont augmenté même plus rapidement que les crédits hypothécaires. Au cours de cette période, le volume croissant du crédit et la hausse des taux d'intérêt ont occasionné dans l'Ouest des frais d'intérêt variant entre 8% et 15% de l'ensemble des frais des exploitations agricoles. La plus grande partie du crédit hypothécaire est fournie par la Société fédérale de crédit agricole. Les banques commerciales constituent la principale source de crédit à la production, y compris les prêts garantis par les gouvernements fédéral ou provinciaux et les autres plans de crédit bancaire. Les crédits accordés par les fournisseurs de facteurs de production représentent également une source importante de crédit à la production. Avec la diversité des établissements de crédit agricole et les variations dans les taux d'intérêt et les modalités de prêt, une intégration plus étroite des programmes de prêt agricole dans l'Ouest est nécessaire. Une autre importante question, relative au crédit agricole, concerne le financement de la mise de fonds dans le contexte de la structure de la ferme familiale, spécialement pour les débutants. Traditionnellement, les agriculteurs ont souhaité financer la mise de fonds pour leurs exploitations agricoles à partir de leurs propres économies et ne pas avoir ainsi de dettes à payer. Les difficultés de réaliser une équité financière complète engendrées par le besoin d'accroître les mises de fonds déjà considérables pour assurer la rentabilité des fermes, s'ajoutent à la nécessité de reviser les plans de crédit agricole.

QUESTIONS

- a) La nécessité de fournir une plus grande stabilité pour ce qui a trait à l'investissement agricole, d'aider au développement d'exploitation rentable, et d'améliorer à long terme la répartition des terres entre les utilisations agricoles et non agricoles;
- b) La fourniture aux exploitants agricoles, d'un réseau de distribution adéquat de facteurs de production, de services et de machinerie à un coût raisonnable;
- c) Le besoin de chercher des moyens pour aider les jeunes agriculteurs à établir des fermes rentables, malgré l'augmentation des exigences en capital.

SIXIÈME PARTIE

Résumé et faits saillants

SITUATION ACTUELLE

L'agriculture de l'Ouest dépend de la culture des céréales et de l'élevage des bestiaux. Elle s'est tournée traditionnellement vers le marché international hautement concurrentiel. Le transport, la manutention et l'entreposage sont donc très importants pour la vente et l'achat. Ces deux domaines ont besoin d'améliorations. La production agricole, la commercialisation, le transport et les politiques gouvernementales ont évolué dans un système étroitement lié.

La croissance de la production a été relativement rapide, mais inégale et instable, à cause des changements dans la demande d'exportation, des variations de rendement dues au temps, et des fluctuations dans le prix des produits. L'incertitude qui existe quant à l'investissement agricole et son expansion, quant à la transformation, au transport et aux activités auxiliaires, a été un obstacle important au développement de l'agriculture et de l'Ouest.

PERSPECTIVES

Il existe d'excellentes perspectives pour l'agriculture de l'ouest du Canada et pour les industries connexes. Les prévisions relatives à la demande mondiale de grains et de viandes laissent voir un marché croissant pour les produits pour lesquels l'Ouest se spécialise. Le secteur a des possibilités pour produire beaucoup plus d'aliments. La dépendance envers les marchés d'exportation continuera d'être forte, mais avec une variété de produits plus étendue. De plus, on prévoit un plus large éventail de cultures; on accordera plus d'importance à l'élevage et à la transformation des produits de l'Ouest canadien. On prévoit que la production de blé restera à peu près stable. Malgré tout, les céréales et les oléagineux demeureront la principale source des revenus provenant des ventes directes (comme les grains et les aliments protéiques) et un facteur de production principal dans l'élevage du bétail.

Pour profiter des possibilités existantes, il faut avoir une expansion continue et régulière de la production des secteurs offrant le meilleur potentiel, par exemples les céréales fourragères, les oléagineux et d'autres cultures protéiques, ainsi que le bétail. Cette expansion s'accompagnera d'une croissance de l'industrie de transformation, d'une amélioration du transport, y compris des ajustements dans les taux de transport, le développement des industries de services et l'amélioration des structures et des conditions de vie rurale.

PROBLÈMES

Dans les conditions économiques et techniques actuelles, les superficies des sols sont statiques. L'expansion et la croissance de la culture et de l'élevage doivent par conséquent se fonder sur l'utilisation plus intensive des ressources actuelles. Pour les cultures, cela signifie des rendements plus élevés, des récoltes plus abondantes là où c'est possible, l'utilisation plus intensive des sols et une plus faible proportion de terrains en jachère. Pour le bétail, cela signifie des méthodes améliorées d'élevage et d'alimentation, une alimentation en céréales plus poussée, et l'amélioration et l'expansion des pâturages. La plupart de ces besoins sont déjà connus et les services de vulgarisation renseignent les agriculteurs. Les programmes de recherches en cours aux niveaux fédéral et provincial, dans les universités et les entreprises privées, apporteront une connaissance plus étendue, de meilleures variétés de céréales, des machines et des méthodes aux agriculteurs.

Les secteurs d'inquiétude, concernant le développement de l'agriculture, portent sur les thèmes complémentaires de l'expansion de la production et des marchés et l'accroissement de la stabilité nécessaire à créer la confiance face à l'expansion. L'application pratique des progrès techniques dans la production a besoin d'examen plus poussés. On connaît les besoins et les possibilités du marché. Il faut cependant poursuivre les activités en ce qui concerne les méthodes à suivre pour obtenir et conserver les marchés, ainsi que la dissémination continue de l'information auprès des agriculteurs et des organismes agricoles, pour favoriser l'expansion de la production.

L'incertitude de la production, des prix et des marchés et, par conséquent, du revenu agricole, d'une année à l'autre, a sapé la confiance des agriculteurs de l'Ouest et leur tendance naturelle à l'expansion de leurs fermes. L'accroissement de la stabilité des marchés, des prix et du revenu seront un encouragement au développement, à l'adoption des dernières techniques, à l'investissement dans des équipements améliorés, à l'utilisation de plus d'engrais, à la rénovation et l'amélioration des pâturages. Une plus grande stabilité permet des améliorations au niveau de vie familiale et des revenus plus stables.

Une plus grande stabilité favorisera l'amélioration de la production qui, à son tour, fera contre-poids à l'augmentation continue du coût des aliments et aidera les agriculteurs à faire face à la hausse des coûts des facteurs de production, en leur permettant de les répartir sur une production plus diversifiée.

L'INVESTISSEMENT ET LES INSTITUTIONS FINANCIÈRES RÉGIONALES

Présenté conjointement par

L'honorable DAVID BARRETT, *Premier ministre de la Colombie-Britannique*

L'honorable EDWARD SCHREYER, *Premier ministre du Manitoba*

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INTRODUCTION

Les provinces de l'Ouest se sentent encouragées par la présence à l'ordre du jour de la conférence consacrée aux perspectives économiques de l'Ouest de la question des institutions financières régionales. Jusqu'à présent, nos entretiens se sont orientés vers la stimulation et l'élargissement de la base économique et industrielle de l'Ouest canadien. La réalisation de ces objectifs nécessite «de nouvelles institutions financières régionales qui seraient mieux à même de satisfaire aux besoins de financement des entreprises commerciales et à l'expansion industrielle de l'Ouest canadien», un «élargissement du rôle de la Banque d'expansion industrielle de l'Ouest canadien», un «élargissement du rôle de la Banque d'expansion industrielle et l'amélioration de ses services» et «des amendements à la Loi sur l'expansion des exportations». Ces citations du discours du trône prononcé lors de l'ouverture de la 1^{re} session de la 29^e législature du Parlement canadien montrent l'importance que le gouvernement du Canada attache à cette conférence et à ces questions. Les gouvernements des provinces de l'Ouest s'y rallient d'ailleurs entièrement.

Dans le présent mémoire, les provinces de l'Ouest analysent la manière dont, à leur avis, le système bancaire canadien peut actuellement répondre aux besoins de toutes

les régions du pays et formulent des recommandations relatives aux banques à charte, à la Banque d'expansion industrielle et à la Société pour l'expansion des exportations.

RÉSUMÉ DES RECOMMANDATIONS

Banques à charte

Les provinces de l'Ouest soutiennent que l'expansion industrielle et commerciale de l'Ouest exige la création d'un nouveau dispositif bancaire régional. Elles s'accordent à dire qu'afin de faciliter la création dans l'Ouest de nouvelles banques à implantation régionale, il est impérieux que le gouvernement fédéral modifie la «Loi sur les banques» de manière à:

- (1) permettre aux gouvernements provinciaux de posséder des actions de banques à charte assorties du droit de vote; et
- (2) exempter les gouvernements provinciaux des restrictions imposées par la Loi qui interdit à tout actionnaire de détenir plus de 10 p. 100 de l'ensemble du capital émis sous forme d'actions par une banque de quelle qu'elle soit.

Ces modifications faciliteraient la création de nouvelles institutions bancaires qui, à leur tour, encourageraient la concurrence au sein de l'industrie bancaire, amélioreraient la qualité des services offerts par les banques et, de manière générale, stimuleraient l'expansion économique de l'Ouest canadien.

La Banque d'expansion industrielle

Les provinces de l'Ouest estiment que la Banque d'expansion industrielle est, à bien des égards, insuffisante. Selon elles, l'efficacité de la Banque d'expansion industrielle qui est en fait un vecteur de stimulation de l'expansion économique dans les provinces de l'Ouest en particulier et dans le Canada tout entier en général, se verrait améliorée si la Banque:

- (1) soutenait bien plus qu'auparavant les entreprises spéculatives;
- (2) envisageait la possibilité d'acquérir des parts d'actionnaire dans des sociétés existantes et de créer de nouvelles sociétés mixtes à capitaux privés et publics; et
- (3) élargissait les catégories de services qu'elle offre à la petite entreprise.

La Société pour l'expansion des exportations

L'étude de la Société pour l'expansion des exportations et de ses programmes pour l'expansion des exportations montre qu'une part relativement peu importante des activités de la Société se concentre sur l'Ouest canadien. Les provinces de l'Ouest recommandent:

- (1) qu'on procède à une étude de l'assurance des crédits à l'exportation afin de déterminer si les modalités en sont excessives ou encore peu intéressantes pour les industriels de l'Ouest;
- (2) qu'on réduise le chiffre d'affaires minimum de \$1,000,000 nécessaire pour l'obtention d'un financement à l'exportation vu qu'il s'agit là d'une condition trop limitative pour les petits industriels qui constituent néanmoins une partie importante de l'assiette manufacturière de l'Ouest canadien;
- (3) que davantage de pays puissent bénéficier des facilités de crédit offertes aux gouvernements étrangers; et
- (4) que le programme de financement des exportations soit utilisé pour encourager l'expansion des régions en voie de croissance industrielle comme l'Ouest canadien.

LES BANQUES À CHARTE

Le rythme de l'expansion au Canada s'est propagé d'est en ouest, mais le schéma d'implantation et d'expansion s'est vu influencer par les politiques économiques, financières et fiscales du gouvernement fédéral qui, très tôt déjà, a favorisé la concentration des activités commerciales et industrielles du pays au centre du Canada. Ces mêmes politiques

qui ont entraîné la concentration des ressources financières et industrielles et celle de la population ont nui à une répartition équilibrée des ressources financières et productives entre les économies de toutes les régions canadiennes. Les provinces de l'Ouest souhaitent étendre leurs frontières et élargir, en la diversifiant, leur base industrielle afin d'améliorer dès à présent des possibilités d'emploi pour tous leurs citoyens. Pour y arriver, il est essentiel que des institutions qui correspondent aux besoins bien précis des provinces de l'Ouest puissent mettre à la disposition de celles-ci, dans les conditions les plus favorables, les ressources financières nécessaires à des taux concurrentiels. Le réseau bancaire à succursales multiples dont le plus parfait exemple est celui des cinq grandes banques canadiennes à charte dont les succursales s'étendent d'un bout à l'autre du pays et dont le siège social se trouve au centre du Canada n'a, jusqu'à présent, pas satisfait de manière appropriée les besoins de l'Ouest.

Le rôle du secteur des banques à charte dans l'expansion économique canadienne est crucial. En regroupant l'épargne pour la répartir parmi divers utilisateurs possibles, il exerce une influence marquante sur la structure de l'économie, le degré d'efficacité de l'industrie, l'ampleur du contrôle des entreprises effectué de l'intérieur ainsi que sur le taux de croissance économique des diverses régions et provinces du Canada.

L'expansion industrielle de l'Ouest canadien dépend énormément de la présence des banques et des autres institutions de financement. Toutefois, l'importance relative, pour les provinces de l'Ouest, des sources extérieures de financement varie selon les régions, les industries et les firmes intéressées. Tout en ayant une importance certaine pour l'ensemble de l'Ouest, ce secteur semble malgré tout bien plus vital pour les régions et les centres en voie de développement des zones rurales et septentrionales. Le refinancement des échéances à partir de sources extérieures a une importance toute particulière pour les entreprises de petite et moyenne envergure car ce sont généralement ces entreprises-là dont les marges bénéficiaires sont relativement faibles et dont les gains sont les moins disponibles; elles ne peuvent avoir accès aux ressources financières de filiales ou d'autres sociétés apparentées et, si leur gestion est fort concentrée, elles ne sont pas en mesure de recueillir des fonds par l'émission publique d'actions.

L'industrie bancaire n'a pas répondu avec l'efficacité voulue aux besoins économiques de l'Ouest canadien. À l'heure actuelle, cette industrie se compose de dix banques disposant d'une charte fédérale et présente toutes les caractéristiques d'un oligopole étroitement contrôlé. Elle est dominée par cinq banques qui possèdent collectivement plus de 91 p. 100 de l'ensemble des avoirs de ce secteur (voir le tableau 1). Les banques vendent un produit qui est essentiellement peu différencié—les services bancaires—et les obstacles qui s'opposent aux nouveaux venus, c'est-à-dire le capital de départ et les problèmes qui sous-tendent la création des contacts financiers appropriés et l'acquisition de la confiance du consommateur, semblent infranchissables. Comme c'est le cas dans la plupart des oligopoles, la concurrence en matière de taux d'intérêt est extrêmement limitée dans le secteur bancaire.

Comme le faisait remarquer la Commission royale d'enquête sur le système bancaire et financier:

«A l'heure actuelle, les banques se font concurrence de façon très limitée quant au taux d'intérêt sur leurs prêts. Elles peuvent différer d'opinion quant à l'application du taux de base à certains clients, mais leurs taux dépendent des minima convenus. La concurrence dans le domaine des prix a été encore plus restreinte durant les périodes de restriction du crédit, en vertu d'accords où chaque banque s'engageait à ne pas enlever un client à une autre en lui offrant des taux plus favorables ou des ouvertures de crédit plus élevées.»*

Des événements récents illustrent parfaitement cette faculté qu'a le système bancaire d'établir les prix et de contrôler les bénéfices en réponse à ses propres intérêts. En juin 1972 fut signé «Accord de Winnipeg» par lequel les banques convenaient de limiter les taux d'intérêt payés sur les dépôts importants jusqu'à concurrence d'un an maximum. En juin 1973, ces taux ont été relevés, le taux maximum étant augmenté d'un demi de 1 p. 100 pour passer à 7 p. 100, ce qui constituait le quatrième rajustement similaire effectué de manière concertée par les banques après qu'elles eurent toutes augmenté leurs taux d'intérêt préférentiels.

Il est intéressant de constater que le gouvernement fédéral a, par l'entremise du ministre des Finances, sanctionné cet accord qui, dans toute autre industrie, aurait été illégal. Il y a encore quelques années de cela, les économistes et les banquiers s'accordaient à dire que tout plafond imposé aux taux d'intérêt bancaires encourageait l'inefficacité et réduisait la concurrence potentielle au sein des marchés financiers. Le gouvernement fédéral a apparemment accepté ce point de vue et, lors de la dernière révision de la Loi sur les banques, le plafond fut supprimé. Il est assez ironique de voir que la suppression du taux d'intérêt sur les prêts s'est vu suivi, en l'espace de quelques années, par l'institution d'un plafond sur les taux d'intérêt des emprunts. Il est difficile de conclure que ceux qui ont recours aux services financiers bénéficient sans réserve aucune de ces deux catégories d'arrangements.

Il est tout aussi intéressant de constater que les taux d'intérêt privilégiés sur les prêts sont relevés au cours d'une période de rentabilité effrénée pour l'industrie bancaire. Même en calculant généreusement les pertes et les réserves, les bénéfices nets des dix banques à charte ont totalisé \$232,000,000 en 1972, soit une augmentation de 23 p. 100 par rapport à l'année précédente (voir le tableau 1). Il y eut également des transferts de la rubrique «capitalisations accumulées au chapitre des pertes» à la rubrique «bénéfices non répartis» de \$99,500,000, ce qui représente un complément de capitaux réservés au cours des années antérieures pour couvrir des pertes éventuelles qui, en fait viennent s'ajouter aux bénéfices nets réalisés au cours de ces mêmes années. Les recettes nettes d'exploitation elles-mêmes ont été supérieures et ont dépassé \$669,000,000. Ces augmentations ne caractérisent pas

une année particulière. Entre 1967 et 1971, les bénéfices des banques se sont accrus de plus de 72 p. 100 (voir le tableau 2). Ces bénéfices importants sont le corollaire indubitable de la position quasi-monopoliste du système bancaire. On ne peut nullement les faire passer pour le fruit d'activités innovatrices ou de progrès technologiques puisqu'on peut difficilement comparer les activités bancaires à la plupart des activités industrielles pour ce qui est de la complexité technologique. Il ne s'agit pas non plus d'un bénéfice récompensant un risque. La dernière faillite bancaire qu'ait connue le Canada s'est produite en 1923 avec la fermeture forcée de la *Home Bank*. Depuis lors, les activités de l'inspecteur général des banques, la création de l'Assurance des dépôts et le soutien en dernier ressort de la Banque du Canada ont contribué à faire du secteur des banques à charte au Canada une activité pratiquement dépourvue de tout risque. Il ne fait aucun doute que le niveau des bénéfices réalisés par la plupart des grandes banques montre que la concurrence qui existe dans ce secteur industriel n'est pas aussi importante que ne le voudraient les intérêts du public.

Dans la plupart des secteurs commerciaux, des profits élevés appellent la concurrence et, avec le temps, des bénéfices pour le consommateur. Dans un secteur industriel à caractère de monopole, c'est souvent le gouvernement qui fait office d'arbitre pour le consommateur. Cependant, dans l'industrie bancaire, non seulement la concurrence est-elle limitée par le fait que le gouvernement fédéral accepte les fusions de banques—trois fusions ont été autorisées entre 1955 et 1961*—mais également les avantages concurrentiels dont bénéficient les banques les plus anciennes constituent-ils un obstacle important à toute nouvelle entreprise bancaire. La position d'oligopole des banques canadiennes à charte s'accompagne de taux d'intérêt plus élevés qui ne se justifient pas, d'une attitude plus conservatrice en matière de prêts et d'une souplesse beaucoup moins grande de leur politique en matière de prêts. Pas plus que le gouvernement fédéral, la Banque du Canada n'a préconisé aux banques à charte de réduire leurs bénéfices à un niveau plus acceptable. Il ne fait aucun doute que les banques n'ont rajusté ni leurs taux d'intérêt, ni leurs frais de service, de manière à équilibrer ces bénéfices. En fait, pour ne donner qu'un exemple, du 1^{er} janvier 1969 jusqu'à présent (18 juin 1973), l'écart entre le taux de la Banque du Canada et le taux préférentiel des banques à charte s'est accru pour passer de $\frac{1}{4}$ de 1 p. 100 à $1\frac{1}{2}$ p. 100 (voir le tableau 3).

La double structure actuelle des taux d'intérêt privilégiés qui donne à la petite entreprise la possibilité d'emprunter à un taux d'intérêt inférieur d'environ $\frac{1}{2}$ de 1 p. 100 du taux d'intérêt privilégié principal est illusoire du point de vue de la petite entreprise spéculative. Les critères utilisés pour l'octroi des prêts empêchent souvent les entreprises intéressées d'obtenir l'assistance financière des banques en bénéficiant de ce taux préférentiel.

Au Canada, les banques ont tendance à se suivre rapidement l'une l'autre lorsqu'il s'agit d'établir les taux d'intérêt privilégiés. Ce n'est que depuis la création récente

*Rapport de la Commission royale d'enquête sur le système bancaire et financier, page 143.

*Toronto-Dominion en 1955; Imperial et Barclays en 1956; Commerce-Imperial en 1961.

de la Banque de la Colombie-Britannique et de la *Unity Bank* que cette politique a été modifiée, et encore ne l'a-t-elle été que par ces deux dernières banques.

Outre leurs accords sur les taux d'intérêt sur les dépôts et sur les taux d'intérêts privilégiés fixes, les banques canadiennes ont, en fait, un programme commun relatif aux taux minima prélevés sur la plupart des catégories de prêts, elles observent des pactes de «non-intervention» et imposent de plus des frais de service uniformes.

Malgré le niveau élevé des bénéfices qu'elles réalisent, les banques font figure d'investisseurs très conservateurs et n'éprouvent, relativement parlant, que peu de sympathie à l'égard des entreprises spéculatives et de petite envergure. Le rapport du gouvernement fédéral intitulé *Les investissements étrangers directs au Canada* fait remarquer que les banques, les compagnies d'assurance-vie et les caisses de retraite ne consacrent qu'une partie infime de leurs ressources au soutien financier des entreprises trop jeunes ou trop spéculatives.* Bien que l'industrie bancaire ne précise pas la proportion de l'assistance financière qu'elle apporte aux entreprises de petite, moyenne et grosse envergure, on peut raisonnablement penser que la majeure partie des petits prêts, c'est-à-dire des prêts de moins de \$100,000 vont aux petites entreprises. Au cours de la dernière décennie, les prêts de moins de \$100,000 ont constitué une part de plus en plus faible de l'ensemble des prêts bancaires consentis à l'entreprise (voir le tableau 4). Entre 1962 et 1972, le pourcentage de prêts bancaires de moins de \$100,000 consacrés à l'entreprise a diminué pour passer de 32,8 à 17,9 p. 100, alors que les prêts de plus d'un million de dollars sont passés de 35,2 à 57,5 p. 100 de l'ensemble. Cette diminution de l'importance proportionnelle des prêts inférieurs à \$100,000 a sans aucun doute eu pour conséquence de gêner l'expansion industrielle des provinces comme les provinces de l'Ouest pour lesquelles les petites entreprises revêtent une importance considérable. Même pour ce qui est des prêts allant de \$100,00 à \$1,000,000, le pourcentage par rapport à l'ensemble a diminué pour passer de 32,0 p. 100 à 24,6 p. 100.

L'accroissement disproportionné qu'on a enregistré au cours des dix dernières années dans le secteur des prêts bancaires de plus de \$1,000,000 porte à conclure que la répartition des ressources que le système bancaire peut consacrer aux prêts s'est concentrée dans le centre du Canada. A l'heure actuelle, neuf sur dix des banques canadiennes à charte possèdent soit leur siège social, soit leurs bureaux administratifs, à Toronto ou à Montréal. Les grandes décisions en matière de politique générale sont prises dans ces centres et les gérants régionaux et locaux jouissent de peu d'indépendance lorsqu'il s'agit de répartir leurs ressources financières, bien qu'il y ait, semble-t-on croire, une lente évolution dans ce domaine. La concentration élevée du commerce et de l'industrie dans le sud de l'Ontario et dans le sud du Québec a attiré une quantité disproportionnée de crédits d'investissement, compte tenu tout particulièrement de la proximité des sièges sociaux des banques à charte; en effet, dans des conditions similaires, la banque aura

tendance à accorder son assistance financière à l'entreprise qu'elle connaît le mieux. Même dans d'autres régions, les banques ont le plus souvent tendance à investir dans des entreprises qui leur offriront les profits nets les plus élevés, c'est-à-dire les entreprises les plus anciennes et les moins spéculatives qui sont situées principalement dans les grands centres commerciaux, ce qui joue bien sûr au désavantage des régions septentrionales et rurales. Apparemment, les banques à charte ont stimulé l'expansion du centre du Canada au détriment des autres régions du pays. En mobilisant les épargnes de l'Ouest et en les transférant dans le centre du pays, les banques ont en fait réduit le potentiel d'expansion de l'Ouest. La majeure partie des capitaux utilisée par le système bancaire représente davantage l'épargne des déposants que les capitaux investis par les actionnaires. Voilà une raison de plus pour laquelle les investissements devraient être réalisés dans les régions d'origine des dépôts.

Afin de pallier les disparités créées par l'industrie bancaire dans le secteur des investissements, il faudrait—et il s'agit là d'un idéal—que les gouvernements provinciaux puissent avoir la possibilité d'acquérir des actions de banques à charte existantes ou de créer, seules ou en collaboration avec d'autres institutions comme les coopératives de crédit, de nouvelles banques à charte fédérale.* Les banques créées dans l'Ouest avec une certaine participation du public seraient davantage ouvertes aux besoins des résidents de l'Ouest que les principales banques à charte. Elle pourraient en particulier, bien davantage que dans le passé, libérer des capitaux plus importants au profit des collectivités septentrionales et rurales et faciliteraient l'expansion du potentiel productif des diverses économies des provinces de l'Ouest. Elles installeraient dans l'industrie bancaire une véritable concurrence en s'attirant des dépôts nouveaux, en consentant des prêts et en accordant une aide bien plus importante aux entreprises spéculatives et de petite envergure. Le renforcement de la concurrence pour l'acquisition des marchés forcerait les banques à charte déjà en place à améliorer la qualité des services fournis aux résidents de l'Ouest canadien.

Le principal obstacle qui s'oppose à la participation du gouvernement provincial dans le secteur bancaire est le gouvernement fédéral qui a adopté le point de vue selon lequel le secteur public ne devrait pas pouvoir acquérir d'actions assorties du droit de vote dans les banques à charte. La Loi sur les banques interdit aux gouvernements fédéral et provinciaux et à leurs mandataires de détenir des actions assorties du droit de vote de ces banques. L'article 53(4) de la Loi dispose que:

«La banque ne doit accepter aucune souscription d'une action du capital social de la banque

- a) par Sa Majesté du chef du Canada ou du chef d'une province ou par un mandataire de Sa Majesté de l'un de ses chefs ou par le gouvernement d'un État étranger ou de toute subdivision politique d'un tel État . . . » **

*Les associations et les coopératives de crédit régionales devraient pouvoir créer une banque disposant d'une charte fédérale.

**Statuts révisés du Canada 1970, Chapitre B-1.

| *Les investissements étrangers directs au Canada, gouvernement du Canada, 1972, page 115.

La Loi permet aux provinces de détenir indirectement des parts par le truchement de caisses désignées à cette fin, comme par exemple les caisses des accidents du travail ou les fonds de pension. Cette participation est toutefois limitée à un maximum de 10 p. 100 de l'ensemble des actions du capital social et doit être constituée par des actions non assorties du droit de vote. Les gouvernements provinciaux ne peuvent donc exercer aucune influence sur les politiques internes des banques à charte.

Si l'on en venait à permettre au Canada la participation du public dans le secteur des banques de commerce, il ne s'agirait toutefois pas d'un phénomène unique dans le monde occidental. Plusieurs gouvernements, dont ceux de l'Autriche, de l'Italie et de la France, possèdent et contrôlent un certain nombre de grandes banques de commerce. On oppose toutefois quatre arguments principaux à l'acquisition par les gouvernements provinciaux d'une participation dans l'industrie bancaire au Canada.

Il y a tout d'abord l'argument juridique. L'article 91 de l'Acte de l'Amérique du Nord britannique accorde au Parlement du Canada le pouvoir législatif en matières monétaire et bancaire pour ce qui est:

- du cours monétaire et du monnayage
- des banques, de l'incorporation des banques et de l'émission du papier-monnaie
- des caisses d'épargne
- des lettres de change et des billets promissoires
- de l'intérêt de l'argent
- des offres légales
- de la banqueroute et de la faillite.

On a soutenu que la participation des provinces aux activités bancaires pourrait donner lieu à un conflit entre les gouvernements fédéral et provinciaux à propos des pouvoirs législatifs dans les domaines monétaire et bancaire. Lorsqu'il était ministre des Finances, l'honorable Walter Gordon avait dit:

«Si un autre gouvernement, qu'il s'agisse d'un gouvernement étranger ou d'un gouvernement provincial, devait détenir, même dans une mesure restreinte, les actions d'une banque, cela pourrait placer ce même gouvernement dans une situation spéciale de pouvoir ou d'influence par rapport à cette banque. Une telle situation pourrait amener des divergences d'opinions entre ce gouvernement et un autre, et pourrait semer la confusion quant au détenteur de l'autorité sur la banque.»*

Cet argument n'a absolument aucun fondement. Les provinces de l'Ouest reconnaissent et soutiennent le fait que le gouvernement fédéral dispose du pouvoir législatif exclusif en matière bancaire. Qu'une banque soit la propriété de particuliers, d'un gouvernement provincial ou du secteur privé et public simultanément, il ne fait aucun doute qu'elle doit se conformer aux dispositions, législatives de la Loi sur les banques et c'est le Parlement qui

conserve le contrôle de cette dernière. Pratiquement toutes les facettes du fonctionnement des banques à charte au Canada sont du ressort du gouverneur en conseil, du ministre des Finances, de la Banque du Canada ou de l'Inspecteur général des banques qui les étudient et en assurent la direction ou le contrôle. En dernier ressort, le gouvernement fédéral exerce un contrôle dans la mesure où la charte de chaque banque est limitée à dix ans et où son renouvellement est lié à la révision décennale de la Loi sur les banques.

Selon un second argument, étroitement lié au premier, une banque appartenant à une province pourrait, par le truchement de ses activités dans les domaines du crédit et des prêts, réduire l'efficacité de la politique monétaire nationale. Cet argument repose sur une conception erronée du mécanisme de la politique monétaire. Puisque la banque centrale peut procéder à des opérations sur les marchés financiers libres, contrôler le taux d'intérêt des banques, gérer les réserves de liquidités et modifier le taux des réserves secondaires, la politique monétaire ne peut être contrecarrée, quelles que soient les intentions d'une banque ou même du système bancaire tout entier.

Les provinces de l'Ouest ne comprennent pas comment, même en permettant aux gouvernements provinciaux d'investir dans les banques à charte, le gouvernement fédéral déléguerait à la province qui procéderait à un tel investissement un certain pouvoir sur les banques. Il ne fait déléguerait à la province qui procéderait à un tel investissement n'aurait aucun pouvoir différent de celui de toutes les autres banques. On pourrait se demander quels sont les pouvoirs détenus à l'heure actuelle par les banques à charte qui seraient dangereux, selon le gouvernement fédéral, s'ils étaient détenus par un gouvernement provincial et, s'ils sont à ce point virulents, pourquoi les a-t-on conférés à d'autres institutions? On ne peut nier le fait qu'un gouvernement provincial touche davantage de gens qu'un seul actionnaire ou un ensemble d'actionnaires, mais un gouvernement provincial qui exercerait indûment des pressions se verrait régulièrement pénalisé lors des élections. En outre, les banques à charte exercent actuellement certaines influences au cours de leurs transactions grâce à des dispositifs comme le pacte de «non agression» et l'encaisse minimale en liquidités nécessaire pour consentir des prêts commerciaux.

Les provinces de l'Ouest sont d'avis que, lorsqu'elle est limitative, la politique monétaire fédérale a des conséquences bien plus négatives pour l'Ouest que pour le centre du Canada. Lorsqu'il y a constriction de la situation monétaire, ce sont les petites entreprises, celles qui ont tellement d'importance pour l'Ouest, qui sont les premières à perdre toute possibilité de faire refinancer sur une grande échelle leurs échéances par les banques, opération vitale pour leur survie et leur expansion.

Dans le cadre de la politique monétaire canadienne, il est reconnu que les considérations monétaires internationales exercent leur influence sur la politique intérieure. Cependant, peu d'éléments du présent mémoire pourraient nuire à l'équilibre que la Banque du Canada désire réaliser, tout en fournissant un climat favorable à l'expansion de la petite entreprise locale dans l'Ouest. Nous dis-

*L'honorable W. L. Gordon, *Débats de la Chambre des communes*, 16 février 1965, page 11,551.

cutons ici d'une partie relativement peu importante de l'ensemble du secteur bancaire.

On avance également l'argument de la réceptivité d'une banque provinciale aux pressions morales exercées par la Banque du Canada. Le fait même d'avancer cet argument revient à conclure que le système bancaire actuel présente des failles. En fait, on a recours aux pressions morales pour influencer la composition des portefeuilles bancaires, en demandant par exemple aux banques de favoriser certains genres d'activités et certaines catégories d'emprunteurs plutôt que d'autres. Le fondement de ces pressions morales est le reflet des priorités établies par le gouverneur de la Banque du Canada et, par son entremise, par le gouvernement fédéral.

Il est certain que recourir aux pressions morales revient à admettre que le système bancaire ne fonctionne pas toujours de façon aussi souhaitable qu'il le faudrait sur le plan social. En particulier, les décisions que prennent les banques en matière d'investissements ne reflètent pas nécessairement les priorités sociales. Cette divergence entre les décisions d'ordre privé et les priorités sociales sont probablement plus éclatantes encore dans l'Ouest. Toutefois, les gouvernements des provinces de l'Ouest ne peuvent recourir aux pressions morales pour y apporter remède car, à l'encontre de la Banque du Canada, elles n'ont aucune justification pour le faire. C'est cette divergence qui nous fait soutenir la création, dans l'Ouest canadien, de banques à participation publique.

Enfin, on a prétendu que la répartition des prêts et des investissements particuliers par une banque provinciale serait influencée par des considérations d'ordre politique. Les provinces de l'Ouest conviennent de ce que le favoritisme politique et personnel ne devrait jouer aucun rôle dans les politiques en matière de prêts ou d'investissements de quelque banque de commerce que ce soit. Cette prise de position découle en partie d'une considération d'ordre tout à fait pratique selon laquelle une banque, qu'elle soit à capitaux privés ou publics, doit, pour réussir, baser son activité sur des principes commerciaux solides. Cela signifie en outre que la répartition des capitaux destinés aux investissements et aux prêts doit se faire en tenant compte principalement de la stabilité, de la productivité et de la rentabilité des entreprises bénéficiaires. Les gouvernements des provinces de l'Ouest estiment toutefois que les banques doivent également tenir compte de l'influence possible des entreprises commerciales sur l'expansion sociale et économique des diverses régions et collectivités et sont d'avis que la manière la plus efficace de veiller à ce que ces buts soient respectés est de faire procéder aux investissements par les gouvernements. Ces investissements permettraient également aux citoyens d'une province de participer à la répartition des bénéfices découlant des opérations bancaires.

Nous avons déjà fait remarquer que les cinq principales banques à chartre contrôlaient plus de 91 p. 100 de l'ensemble des avoirs détenus par les banques canadiennes, ce qui atteignait au 31 octobre 1972 près de \$61,000,000,000. Les parts détenues par les actionnaires totalisent déjà \$1,778,000,000 (voir le tableau 1). S'assurer ne serait-ce que de 10 p. 100 de la valeur de ces actions dans l'une de ces banques entraînerait un investissement minimum de

\$48,000,000 et jusqu'à \$115,000,000 d'après les prix pratiqués actuellement sur le marché (voir le tableau 5). Pour devenir une puissance concurrentielle dans le champ d'activités de pareils géants, il faudrait des ressources financières dépassant les possibilités que pourrait créer une banque régionale à l'extérieur de la région centrale du Canada. Ceci a été prouvé par la Banque de la Colombie-Britannique qui a réduit substantiellement son capital social autorisé lorsque l'investissement du gouvernement de la Colombie-Britannique fut désapprouvé par le gouvernement fédéral. Dépourvue de ce soutien, la Banque a vu s'amoindrir la confiance que manifestaient les investisseurs à l'égard de la rentabilité de son potentiel concurrentiel au sein de l'industrie et, sur un total de 1,000,000 d'actions mises sur le marché, à peine la moitié de celles-ci, représentant une valeur au pair de \$5,105,550, furent acquises. Si une banque régionale veut devenir une puissance réelle dans la région qu'elle dessert, des ressources financières bien plus importantes s'imposent. Il faut encourager la participation, à la fois à titre d'investisseur et de déposant, des citoyens et du secteur commercial, et on pourrait certainement y arriver grâce au gouvernement provincial qui est le mieux en mesure d'accorder aux investisseurs un soutien plus complet. Quoi qu'il en soit, même si ce soutien venait à se manifester, les principales banques conserveraient leur position dominante dans l'industrie, grâce à leur taille.

Recommandations

Les arguments en faveur de la création de nouveaux dispositifs bancaires dans l'Ouest du Canada sont irréfutables. Pour que les provinces puissent prendre part aux activités du secteur bancaire, il faut modifier la Loi sur les banques, et particulièrement les articles 52 à 57 inclus, afin que les gouvernements provinciaux puissent acheter sans limite aucune des actions assorties du droit de vote des banques à charte. Ces modifications faciliteraient la création de nouveaux dispositifs bancaires dont l'institution encouragerait la concurrence au sein de cette industrie, améliorerait la qualité des services bancaires et, de manière générale, viendrait stimuler l'expansion industrielle de l'Ouest canadien.

LA BANQUE D'EXPANSION INDUSTRIELLE

Comme nous l'avons déjà dit, les entreprises de petite et moyenne envergure ont une importance vitale pour l'économie de l'Ouest canadien. Les sociétés dont les revenus annuels imposables sont inférieurs à \$100,000 représentent plus de 80% de l'ensemble des entreprises de l'Ouest et du Centre du Canada. Toutefois, dans l'Ouest canadien, les entreprises relativement petites composent un pourcentage bien plus important de l'ensemble des revenus imposables que leurs homologues du Centre du pays. Il existe un lien très étroit entre les entreprises de petite envergure et la qualité de la vie dans les collectivités, et ceci est particulièrement vrai pour les collectivités des régions septentrionales et rurales. Non seulement les petites entreprises produisent-elles des marchandises et des revenus, mais encore offrent-elles aux résidents de bon nombre de collectivités des possibilités d'emploi. L'ex-

pansion de ce secteur est donc vitale puisque c'est lui qui permet aux citoyens de s'établir et de bénéficier d'un niveau de vie élevé dans les collectivités de leur choix.

Les provinces de l'Ouest en sont conscientes et estiment que l'encouragement de la croissance et de l'expansion de la petite entreprise doit constituer une priorité élevée pour tous les paliers de gouvernement.

La Banque d'expansion industrielle est un organisme important du gouvernement fédéral destiné à aider le secteur de la petite entreprise. Elle fut créée en 1944 avec pour but principal d'offrir «à l'industrie une assistance financière en tenant particulièrement compte des problèmes de financement éprouvés par la petite entreprise». En règle générale, l'assistance financière offerte par la Banque revêt la forme de prêts à moyen terme ayant une échéance moyenne de 10 à 12 ans et de garanties sur les prêts. Avant 1961, cette aide financière n'était offerte qu'aux sociétés du secteur secondaire, mais une modification apportée à la Loi sur la Banque d'expansion industrielle permit ultérieurement à cette dernière d'offrir virtuellement son aide aux entreprises de tous les secteurs de l'économie.

Pour pouvoir bénéficier de cette aide financière, le ou les requérants doivent répondre à trois conditions:

- a) une personne se livre ou est sur le point de se livrer à une entreprise industrielle au Canada,
- b) un crédit ou d'autres ressources financières ne seraient pas autrement disponibles à des termes et des conditions raisonnables,
- c) le montant placé ou à placer dans l'entreprise industrielle par des personnes autres que la Banque et la nature de ce placement offrent une protection raisonnable à la Banque.*

La plupart des prêts octroyés par la Banque d'expansion industrielle sont relativement peu élevés. La moitié environ des prêts consentis par la Banque sont de l'ordre de \$25,000 ou moins, et environ 80% sont de l'ordre de \$50,000 ou moins. La moyenne des prêts octroyés au cours de l'année financière 1972 a été de \$45,000.**

Tout en ayant aidé à l'expansion de bon nombre d'entreprises de petite envergure, le rôle de la Banque dans l'expansion globale s'est vu limité pour un certain nombre de raisons. Tout d'abord, la Commission royale d'enquête sur le système bancaire et financier et le rapport Gray ont fait remarquer que les politiques en matière de prêts de la Banque d'expansion industrielle avaient révélé une tendance par trop conservatrice.*** Le fait que le rapport

des pertes encourues par la Banque par comparaison au montant des prêts consentis n'ait été environ que de 0.5 p. 100 de la décaisse annuelle signifie que la Banque n'a pas beaucoup investi dans les entreprises présentant un coefficient de risque élevé. En outre, elle semble faire preuve de ce que la Commission Porter a appelé un «appétit démesuré pour les valeurs tangibles». Bon nombre de requérants faisant preuve d'imagination et d'esprit innovateur se sont vu refuser toute aide financière pour la seule raison qu'ils ne présentaient pas de nantissements subsidiaires. On peut bien sûr répondre que s'ils en avaient eu, ils n'auraient pas eu besoin d'une assistance financière sous forme de prêts.

L'aide offerte à la petite entreprise par la Banque d'expansion industrielle s'est vue également très limitée par le fait même que la Banque répugnait à participer à des entreprises mixtes avec des sociétés à capitaux privés. Cette répugnance est difficile à comprendre, notamment compte tenu du fait que la «Loi sur la Banque d'expansion industrielle» lui permet d'acquérir des actions dans des sociétés. L'article 16(1)e) de la Loi précise que la Banque peut, à l'égard de toute société,

«acheter ou autrement acquérir,

- (i) pour la revendre, une émission d'actions, bons ou débentures de la corporation, en totalité ou en partie, de la corporation ou d'un de ses actionnaires ou de toute personne avec qui la Banque a passé un contrat de souscription éventuelle à forfait relativement à cette émission...»*

La répartition des prêts par province montre que les activités de la Banque ont des répercussions régionales non négligeables (voir le Tableau 6). Depuis la création du programme de prêts de la Banque jusqu'à la fin de la dernière année financière, les principaux bénéficiaires de l'assistance financière ont été, à l'exception de la Colombie-Britannique, les provinces les plus fortement industrialisées. Les provinces des Prairies n'ont reçu qu'une partie relativement faible des capitaux ainsi prêtés. L'Alberta, la Saskatchewan et le Manitoba n'ont obtenu à elles trois que 17.2 p. 100 de la valeur des prêts consentis,** et les provinces Maritimes n'en ont obtenu que 6.6 p. 100. Par opposition, les provinces fortement industrialisées de l'Ontario et du Québec ont obtenu 54.1 p. 100 de la valeur des prêts consentis. Ces données montrent que la répartition des prêts de la Banque d'expansion industrielle a contribué à centraliser les activités industrielles au Canada et justifient le fait que les provinces de l'Ouest exigent une plus grande part de cette industrialisation.

Recommandations

La proposition d'amélioration du rendement de la Banque d'expansion industrielle formulée par le gouverne-

*Statuts révisés du Canada, chapitre I-9.

**Au cours des dernières années, le pourcentage des prêts obtenus par les sociétés des provinces des Prairies a lentement décliné. La valeur des prêts répartis parmi les provinces des Prairies par rapport au total national a atteint, au cours des quatre dernières années, les pourcentages suivants: 1969—16.4 p. 100; 1970—14.8 p. 100; 1971—16.8 p. 100; 1972—12 p. 100.

*Statuts révisés du Canada 1970, chapitre I-9, article 16 (1)a) b) c).

**Rapport annuel 1972, Banque d'expansion industrielle.

***Rapport de la Commission royale d'enquête sur le système bancaire et financier, page 257. Le rapport Gray sur les investissements étrangers directs au Canada souligne que la B.E.I. épugne à prendre des risques en précisant, à la page 399, que «la B.E.I. semble avoir relativement peu contribué au financement de nouvelles entreprises de transformation qui étaient susceptibles d'être rentables mais présentaient des risques relativement élevés. On pense, par exemple, à la fabrication et à la commercialisation de produits nouveaux et relativement non éprouvés, particulièrement dans les cas où l'accroissement de la demande est stimulé par la disponibilité du produit.»

ment fédéral semble un pas dans la bonne direction. Comme nous l'avons dit, le comportement de la Banque présente diverses faiblesses. Les recommandations qui suivent visent à accroître l'efficacité de la Banque en tant que secteur de la stimulation de l'expansion économique dans les provinces de l'Ouest et dans d'autres régions du Canada.

Nous recommandons tout d'abord que la Banque accorde une aide beaucoup plus importante qu'auparavant aux entreprises qui présentent un coefficient de risque élevé. Plutôt que de limiter l'assistance financière aux seules entreprises qui disposent de nantisements subsidiaires importants, la Banque devrait également aider les entreprises qui, pour en être moins bien pourvues, n'en proposent pas moins des solutions commerciales viables.

En deuxième lieu, la Banque devrait envisager la possibilité d'acquérir des parts dans des firmes existantes et de créer de nouvelles sociétés mixtes à capitaux privés et publics.⁹ Cela permettrait de pallier les lacunes qui existent actuellement au Canada dans le secteur des capitaux de spéculation.

En troisième lieu, nous recommandons que la Banque élargisse les types de services qu'elle offre à la petite entreprise.¹⁰ Elle devrait cesser de se consacrer presque exclusivement à l'octroi de capitaux sous forme de prêts et devrait fournir d'autres services, comme par exemple des services consultatifs à la gestion, une assistance technique, une assistance pour la garantie des contrats d'écoulement de la production, etc. Comme le faisait remarquer le rapport de la Commission royale d'enquête sur le système bancaire et financier:

«Les institutions d'État ne doivent pas avoir pour ambition d'inscrire le plus grand nombre possible de prêts dans leurs livres, mais plutôt de veiller à ce que les entreprises qui peuvent être compétitives et profitables aient accès, à des conditions raisonnables, à des sources de capitaux variées tout comme à de bons conseils pour conduire leurs finances.»¹¹

Enfin, la Banque d'expansion industrielle devrait accorder une assistance financière bien plus considérable à certaines régions comme les provinces des Prairies et les provinces Maritimes. Ceci contribuerait à une participation plus équitable aux activités industrielles pour toutes les régions du Canada.

⁹Cette proposition est semblable à celle qui est formulée à la page 400 du *Rapport sur les investissements étrangers directs au Canada*, qui précise: «On pourrait également examiner l'opportunité de faire jouer à la B.E.I. un rôle plus actif pour combler la lacune qui existe en ce qui concerne les capitaux de spéculation (peut-être pour des sommes ne dépassant pas un million de dollars), en modifiant la Loi sur la Banque d'expansion industrielle, ou en donnant une directive à cet effet à sa direction. Il lui faudrait alors adopter une attitude dynamique dans la recherche de certains genres d'investissements. Une telle attitude ne doit pas porter préjudice à ses autres activités de prêt.»

¹⁰La Banque a créé un département consultatif sur les services afin «d'aider et d'encourager l'adoption de bonnes méthodes de gestion dans les petites entreprises canadiennes». Toutefois, l'octroi de ce genre de services ne constitue qu'une partie relativement négligeable de l'ensemble des opérations de la Banque.

¹¹*Rapport de la Commission royale d'enquête sur le système bancaire et financier*, page 260.

LA SOCIÉTÉ POUR L'EXPANSION DES EXPORTATIONS

La Société pour l'expansion des exportations (SEE) est une société de la Couronne créée pour faciliter et accroître les exportations grâce à une gamme d'assurances, de garanties, de prêts et d'autres avantages financiers. La SEE assure les firmes canadiennes contre les risques de non-paiement dans le cas de marchandises et de services d'origine canadienne vendus à l'étranger; elle consent des prêts aux acheteurs étrangers qui acquièrent des services techniques et des biens d'équipement canadiens; elle émet, au bénéfice des institutions financières, des garanties contre les risques de perte dans le cadre des transactions impliquant des exportations en finançant, soit le fournisseur canadien, soit l'acheteur étranger; enfin, elle assure les investissements canadiens contre les risques de perte à l'étranger.

Assurance de crédits à l'exportation

La SEE permet aux exportateurs canadiens de s'assurer contre le non-paiement lorsqu'un crédit est accordé à l'acheteur étranger. Environ 1,000 polices d'assurance SEE sont actuellement en vigueur au Canada. Une certaine environ de celles-ci couvrent les ventes de céréales effectuées par la Commission canadienne du blé. Pour les exportateurs réguliers de produits manufacturés, 18 polices d'assurance seulement sont en vigueur en Alberta, 18 au Manitoba et huit en Saskatchewan.

Le nombre relativement peu élevé de polices d'assurance dans les provinces de l'Ouest peut être attribué à un certain nombre de facteurs: a) il y a relativement peu de fabricants de l'Ouest qui s'occupent activement d'exportation par rapport à leurs homologues du Centre du Canada; b) certains exportateurs bénéficient actuellement de régimes d'assurance provinciaux; c) certains fabricants préfèrent courir un risque plutôt que de défrayer le coût d'une police d'assurance.

Afin que les fabricants de l'Ouest canadien puissent recevoir une aide équitable, nous recommandons que le gouvernement fédéral réétudie les modalités et les conditions des polices d'assurance de la SEE afin de déterminer si les modalités en sont excessives ou encore peu intéressantes.

En ce qui concerne le secteur agricole, les provinces de l'Ouest proposent que, grâce à la SEE, le gouvernement fédéral coordonne plus étroitement ses activités avec les offices provinciaux de commercialisation et prévoit pour tous les produits agricoles, et non pas uniquement pour les céréales vendues par l'entremise de la Commission canadienne du blé, un système d'assurance de crédits à l'exportation.

Financement des exportations

La SEE consent des prêts à long terme aux emprunteurs étrangers ou garantit des prêts privés à ces emprunteurs, ce qui permet un financement des exportations canadiennes de services et de biens d'équipement. Pour pouvoir bénéficier de cette assistance, il faut que le type de la trans-

action et les sommes engagées (valeur minimum de \$1,000,000) justifient des modalités de crédits à long terme —c'est-à-dire plus de cinq ans. La SEE finance les transactions selon les modalités en vigueur dans le monde commercial et des taux d'intérêt concurrentiels sur le marché international, ce qui permet aux emprunteurs étrangers de payer comptant leurs commandes aux exportateurs canadiens.

Les prêts consentis par la Société et les garanties de prêt de celle-ci ont aidé des sociétés canadiennes à exporter toute une gamme de services et de biens d'équipement, comme par exemple des machines pour usines de pâte à papier, des wagons-trémis, des services et du matériel de télécommunication, des navires océaniques porte-conteneurs et des pétroliers, du matériel de transmission et de distribution d'énergie électrique, des locomotives, du matériel téléphonique et des services connexes, des génératrices à vapeur, du matériel pour lignes à haute tension et des transformateurs de courant électrique.

Bien que la SEE se veuille soutenir les transactions qui «procurent au Canada des emplois et des avantages industriels», elle semble peu se préoccuper de la stimulation de l'expansion régionale. Le nombre d'accords portant sur des exportations obtenus par les régions particulières est directement fonction du potentiel de production de matériel électrique, de moyens de transport, de machines, de matériel minier et d'autres types de biens d'équipement de la région en question. Étant donné que l'industrie est principalement concentrée dans le Centre du Canada, c'est cette région qui a été le principal bénéficiaire des programmes de financement des exportations de la SEE. D'autres régions, l'Ouest du Canada par exemple, n'ont obtenu que peu d'assistance à cet égard. En 1972 notamment, pour 28 accords conclus par la Société, trois seulement visaient des firmes de l'Ouest canadien.

En outre, la SEE a aidé dans une très large mesure les entreprises à gestion étrangère. A titre d'exemple, en 1972, la Société a fourni et a garanti à des emprunteurs étrangers des prêts d'une valeur de \$246,760,360 pour leur permettre d'acheter des biens d'équipement aux producteurs canadiens figurant dans son rapport annuel de 1972.* Sur ce montant total, \$137,000,000 environ visaient des sociétés à gestion étrangère.**

*En 1972, l'ensemble des accords de la SEE, c'est-à-dire des accords permettant à des emprunteurs étrangers d'acheter auprès de tous les producteurs canadiens des biens et des services (qui figuraient ou non dans le rapport annuel de 1972) portait sur une valeur totale de \$283,260,360.

**En 1972, la General Motors du Canada (Division Diesel) elle-même a obtenu une assistance de l'ordre de \$42,000,000.

Recommandations

Les provinces de l'Ouest s'accordent à dire que la SEE s'est montrée peu ouverte aux besoins de l'Ouest canadien. Les présentes recommandations visent à ce que la Société contribue effectivement et efficacement à l'expansion de l'Ouest.

Tout d'abord, il faut modifier les conditions requises minimales pour les exportations. Comme nous l'avons fait remarquer, une firme qui veut bénéficier du financement à long terme doit justifier d'au moins \$1,000,000 de ventes à l'exportation. Comme la plupart des producteurs (de biens d'équipement ou autres) de l'Ouest du Canada sont relativement peu importants, cette condition préalable les empêche véritablement de bénéficier de cette assistance. Nous proposons une réduction importante—\$100,000 par exemple—de la condition préalable minimale à l'exportation.

A cet égard, la SEE a effectivement lancé au cours des dernières années un programme d'assistance destiné aux acheteurs dont les commandes sont normalement trop faibles pour qu'ils puissent bénéficier d'un financement à long terme. Pour être plus précis, des crédits sont mis à la disposition des banques centrales de certains pays comme le Mexique, l'Iran et Israël afin que ces dernières les repréentent aux importateurs de services et de biens d'équipement d'origine canadienne. Le gouvernement fédéral devrait envisager la possibilité de faire bénéficier d'autres pays de ces facilités de crédit. Cette attitude permettrait de venir en aide aux fabricants de petite et moyenne envergure.

En deuxième lieu, nous recommandons l'utilisation des accords portant sur les exportations pour stimuler l'expansion régionale. Ces accords pourraient notamment être utilisés pour influencer les préférences des sociétés de transformation quant aux sites d'implantation. La priorité devrait être donnée aux emprunteurs étrangers qui achètent des biens d'équipement auprès des sociétés implantées ou en voie d'implantation dans les régions en expansion comme les provinces Maritimes et les provinces de l'Ouest. Comme nous l'avons fait remarquer, jusqu'à présent l'assistance s'est concentrée principalement dans le Centre du Canada.

Enfin, les provinces de l'Ouest s'expriment unanimement en faveur d'une utilisation aussi large que possible des programmes de financement des exportations de la SEE pour la stimulation de l'expansion de l'industrie à gestion canadienne.

Voir tableaux page 472.

TABEAU 1
DONNÉES FINANCIÈRES SUR LES BANQUES CANADIENNES À CHARTE (\$000)

	Capital social	Fonds de réserve	Bénéfices non répartis au 31 oct. 1972	Valeurs totales des action- naires	Avoirs totaux	Recettes d'exploit. nettes, année term. 31 oct. 1972	Bénéfices nets, années financières se terminant le 31 oct.		% d'aug- mentation de 1972 par rapp. à 1971	Transferts des réserves pour pertes au fonds de réserve, année financière se terminant le 31 oct. 1972
							1971	1972		
Banque de la Colombie-Britannique.....	5,106	7,900	41	13,047	244,176	805	201	305	51.7	—
Banque Canad. Impér. de Comm.....	69,680	380,000	9,548	459,228	13,300,811	155,231	40,937	49,231	20.3	10,000
Banque Mercantile.....	15,000	4,674	322	19,996	390,004	4,703	1,785	2,458	37.7	—
Banque de Montréal.....	68,344	296,000	135	364,479	11,323,389	118,657	38,366	53,157	38.6	25,000
Banque de la Nouvelle- Écosse.....	33,750	255,000	1,564	290,314	8,541,820	107,374	28,300	33,474	18.3	23,000
Banque Royale.....	66,528	371,000	4,781	442,309	14,767,516	165,499	44,052	51,399	16.7	15,000
Banque Toronto- Dominion.....	30,000	190,000	1,611	221,611	7,547,703	78,389	23,342	28,589	22.5	15,000
Banque Provinciale.....	10,400	35,000	621	46,021	1,828,591	16,476	4,428	5,586	26.2	3,500
Banque Canadienne Nationale.....	14,000	76,000	115	90,115	2,686,570	22,453	7,096	8,216	15.8	8,000
Total.....	312,807	1,615,574	18,738	1,947,119	60,630,580	669,587	188,507	232,415	23.3	99,500
Total des 5 grandes banques.....	268,302	1,492,000	17,639	1,777,941	55,481,239	625,150	174,997	215,850	23.3	88,000
% du total.....	85.8	92.4	94.1	91.3	91.5	93.4	92.8	92.9		88.4

SOURCE: Rapports annuels des banques canadiennes à charte, année financière se terminant le 31 octobre 1972.

TABEAU 2
BALANCE DES PROFITS ET PERTES DES BANQUES CANADIENNES
À CHARTE POUR LES ANNÉES FINANCIÈRES SE TERMINANT LES
31 OCTOBRE 1967 ET 1971
(\$000)

	Année financière se terminant le 31 oct.		% d'augmentation 1971 par rapp. à 1967
	1967	1971	
Banque de la Colombie-Britannique.....		201	
Banque Canadienne-Impériale de Commerce.....	26,575	40,937	54.0
Banque Mercantile.....	-432	1,785	—
Banque de Montréal.....	20,720	38,366	85.2
Banque de la Nouvelle-Écosse.....	12,910	28,300	119.2
Banque Royale.....	30,279	44,052	45.5
Banque Toronto-Dominion.....	12,285	23,342	90.0
Banque Provinciale du Canada.....	2,385	4,428	85.7
Banque Canadienne Nationale.....	4,636	7,096	53.1
Total.....	109,358	188,507	72.4

SOURCE: Rapports annuels des banques canadiennes à charte, années financières se terminant les 31 octobre 1967 et 1971.

TABLEAU 3
TAUX D'INTÉRÊT PRIVILÉGIÉS DES BANQUES ET DES BANQUES
À CHARTE DE 1969 AU 18 JUIN 1973

	Taux bancaire	Taux priviliés	Différence	Taux moyen sur prêts nouveaux
1969: Janv. 1 (en vigueur).....	6.50	6.75	.25	7.15 (Nov. 27/68)
Janv. 20.....		7.00	.50	
Fév. 26.....				7.35
Mar. 3.....	7.00		—	
Mar. 24.....		7.50	.50	
Mai 28.....				7.78
Juin 11.....	7.50		—	
Juin 16.....		8.00	.50	
Juil. 1.....		8.50	1.00	
Juil. 16.....	8.00		.50	
Août 27.....				8.79
Nov. 26.....				8.78
1970: Fév. 25.....				8.85
Mai 12.....	7.50		1.00	
Mai 27.....				8.83
Juin 1.....	7.00		1.50	
Juil. 1.....		8.00	1.00	
Août 26.....				8.44
Sept. 1.....	6.50		1.50	
Nov. 1.....		7.50	1.00	
Nov. 12.....	6.00		1.50	
Nov. 25.....				7.97
1971: Janv. 8.....		7.00	1.00	
Fév. 15.....	5.75		1.25	
Fév. 24.....	5.25	6.50	1.25	7.42
Mai 26.....				6.87
Août 25.....				6.94
Oct. 20.....		6.25	1.00	
Oct. 25.....	4.75		1.50	
Oct. 26.....		6.00	1.25	
Nov. 24.....				6.46
1972: Fév. 23.....				6.38
Mai 31.....				6.28
Août 30.....				6.39
Nov. 29.....				6.54
1973: Fév. 28.....				6.56
Avr. 9.....	5.25		.75	
Avr. 10.....		6.50	1.25	
Mai 14.....	5.75	6.75	1.00	
Mai 16.....		7.00	1.25	
Mai 28.....		7.25	1.50	
Juin 11.....	6.25	7.75	1.50	

¹A la date d'inscription.

SOURCE: Banque du Canada, jusqu'au 26 février 1973.

TABLEAU 4
RÉPARTITION DES PRÊTS COMMERCIAUX, PAR ORDRE D'IMPORTANCE

Année	Valeur des prêts de moins de \$100,000 (\$ millions)	% du total de prêts commerciaux	Valeur des prêts de \$100,000 à \$1,000,000 (\$ millions)	% du total des prêts commerciaux	Valeur des prêts de plus de \$1,000,000 (\$ millions)	% du total des prêts commerciaux
1962.....	1,326	32.8	1,292	32.0	1,421	35.2
1963.....	1,374	31.6	1,393	32.0	1,586	36.4
1964.....	1,465	29.7	1,574	31.9	1,890	38.3
1965.....	1,572	27.2	1,788	31.0	2,412	41.8
1966.....	1,495	24.2	1,804	29.2	2,871	46.5
1967.....	1,533	22.1	1,814	26.2	3,581	51.7
1968.....	1,666	22.0	1,959	25.8	3,963	52.2
1969.....	1,744	20.2	2,192	25.3	4,718	54.5
1970.....	1,877	21.1	2,293	25.8	4,729	53.1
1971.....	2,159	19.5	2,676	24.2	6,232	56.3
1972.....	2,412	17.9	3,307	24.6	7,742	57.5

SOURCE: Tableau 10, revue de la Banque du Canada, avril 1973.

TABLEAU 5
**COÛT D'ACQUISITION DE 10% DU CAPITAL PAR ACTIONS DES CINQ
 GRANDES BANQUES CANADIENNES À CHARTE**

	Capital social souscrit au 31 oct. 1972 (nombre actions)	% capital souscrit (1)	Prix/action à la clôture du 8 juin 1973 (2)	Coût de l'acquisition de 10 pourcent des actions
Banque Canadienne Imperiale de Commerce.....	34,840,000	3,484,000	\$29.87	\$104,067,080
Banque de Montréal.....	34,171,875	3,417,187	18.25	62,363,663
Banque de Nouvelle-Écosse.....	16,875,000	1,687,500	32.25	54,421,875
Banque Royale.....	33,264,000	3,326,400	34.50	114,760,800
Banque Toronto-Dominion.....	15,000,000	1,500,000	32.12	48,180,000

SOURCE:

- (1) Rapports annuels des banques canadiennes à charte, année fiscale se terminant le 31 octobre 1972.
 (2) Financial Post, le 16 juin 1973, pages 16 et 17.

TABLEAU 6
 RÉPARTITION PAR PROVINCES DES PRÊTS DE LA BANQUE
 D'EXPANSION INDUSTRIELLE
 ENSEMBLE DES PRÊTS AUTORISÉS DU 1^{er} NOVEMBRE 1944
 AU 30 SEPTEMBRE 1972

	Nombre d'entreprises	% du total	Valeur des prêts (\$000)	% du total
Terre-Neuve.....	556	2.0	24,464	1.3
Île-du-Prince-Édouard.....	174	.6	12,352	.7
Nouvelle-Écosse.....	807	2.8	41,018	2.2
Nouveau-Brunswick.....	839	3.0	44,493	2.4
Québec.....	5,238	18.4	443,468	23.9
Ontario.....	8,738	30.7	562,123	30.2
Manitoba.....	1,370	4.8	86,051	4.6
Saskatchewan.....	1,209	4.3	61,598	3.3
Alberta.....	3,045	10.7	172,494	9.3
Colombie-Britannique.....	6,236	21.9	391,006	21.0
Yukon.....	140	.5	10,318	.6
Territoires du Nord-Ouest.....	90	.3	9,450	.5
Total.....	28,442	100.0	1,858,835	100.0

SOURCE: Rapport annuel de 1972, Banque d'expansion industrielle.

LE FINANCEMENT ET LES INSTITUTIONS FINANCIÈRES

Ce document a été préparé par le gouvernement du Canada, en prévision de la Conférence sur les perspectives économiques de l'Ouest, qui aura lieu du 24 au 26 juillet 1973, à Calgary. Il s'agit d'une analyse servant de base aux discussions avec les provinces de l'Ouest et aux propositions que le gouvernement fédéral présentera à cette occasion.

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PRÉAMBULE

Ce document examine les opérations des institutions financières sur le marché de capitaux canadien en tenant compte spécialement des besoins de financement des entreprises de l'Ouest canadien. Pour fins de discussion, ce document analyse le rôle des institutions financières et l'efficacité économique par rapport aux marchés de capitaux nationaux et aux besoins financiers régionaux. Il traite aussi, dans la mesure où les données le permettent, du système financier de l'Ouest canadien. Enfin, on y examine un certain nombre de préoccupations souvent exprimées sur les opérations du système financier tant dans l'Ouest que dans d'autres régions du Canada. Il conclut que certains domaines pourraient être améliorés, même si le système fonctionne bien dans son ensemble. Le gouvernement fédéral présente ce document comme toile de fond aux mesures qui pourraient être prises pour réaliser ces améliorations.

PREMIÈRE PARTIE

1. Le rôle des institutions financières

Le Canada et chacune de ses principales régions ont tout intérêt à miser sur un système financier fort et efficace. Les épargnants produisent d'énormes capitaux dans notre économie. La réalisation des principaux objectifs économiques et sociaux du Canada repose sur le placement judicieux de ces épargnes. Dans une économie moderne comme la nôtre, les épargnants et les investisseurs ne sont pas nécessairement les mêmes personnes. Les ensembles économiques qui sont, pour la plus grande part, à l'origine de la formation de capital au Canada—le secteur des entreprises non financières—immobilisent des sommes bien supérieures à leurs épargnes totales. D'autre part, les particuliers, qui constituent une source importante d'épargnes nettes, cherchent à investir dans d'autres secteurs.

C'est à nos institutions financières et à nos marchés de capitaux qu'incombe en grande partie la tâche de mettre en contact les épargnants et les emprunteurs. Ce rôle d'intermédiaire procure aux institutions financières plusieurs avantages sur les épargnants et les emprunteurs particuliers, en raison de leur taille, des économies d'exploitation et de leur faculté de pouvoir engager de fortes sommes d'argent pour de longues périodes par rapport à la nature de leur passif. Elles peuvent généralement emprunter à meilleur compte que les particuliers et, en diversifiant leurs risques, réaliser un taux de rendement plus élevé pour un niveau de risque donné.

Les intermédiaires financiers sont institués selon des conditions fixées par les gouvernements fédéral et provinciaux qui surveillent aussi leurs opérations, d'abord parce que les avoirs de millions d'individus sont en jeu et aussi parce que le roulement du crédit et des investissements sont le nerf d'une économie moderne.

Il n'est pas étonnant que la recherche du profit des sociétés et la réglementation du gouvernement, inhérentes à notre système financier, soulèvent certaines difficultés. Par exemple, l'élaboration des politiques doit viser à concilier

les exigences d'une saine concurrence dans le secteur financier, avec la sécurité, la stabilité et la solvabilité satisfaisantes chez les institutions financières.

Ses propres imperfections—incapacité de réagir aux variations de la conjoncture économique, pratiques non concurrentielles des institutions, politiques oligopolistiques de fixation des prix, réglementation gouvernementale excessivement contraignante—constituent autant d'obstacles au rendement optimal d'un système financier. Moins les frictions seront nombreuses, plus les marchés fonctionneront efficacement. Ils réagiront aussi plus rapidement aux variations de la conjoncture économique. Le coût de ces frictions se traduit par une mauvaise affectation des ressources, par l'accroissement des coûts du crédit et par la mésadaptation d'un système. On peut parer à ces inconvénients par une concurrence vigoureuse dans les services et les prix disponibles aux épargnants, dans la forme et le coût des capitaux disponibles aux emprunteurs, et dans les autres services disponibles au public. La concurrence peut être restreinte, non pas en raison d'une entente visant à entraver le commerce, mais par ce qu'elle peut résulter d'une réglementation publique conçue pour protéger la sécurité et la liquidité des institutions. On devrait donc souligner la nécessité de voir à ce que les règlements réduisent au minimum les restrictions à la concurrence, tout en assurant la solvabilité et la liquidité.

Quelles sont les particularités du système financier canadien dans la conjoncture économique et politique actuelle? Les performances de ce système répondent-elles à notre attente?

En premier lieu, il est à remarquer que le système appartient aux Canadiens et qu'il est contrôlé par eux: ces deux caractéristiques sont profondément enracinées dans notre histoire. Le système est bien développé selon tous les critères. Certaines de ses composantes, principalement les banques, les compagnies d'assurance et les courtiers des marchés financiers, font une concurrence vigoureuse et fructueuse sur les marchés mondiaux. En outre, c'est un système innovateur, capable de se modifier et de s'améliorer suivant la croissance et le développement du Canada.

La concurrence intense avec les institutions des États-Unis indique et fonde ce haut degré de perfection du système. L'activité des intermédiaires financiers s'est accrue à peu près au même rythme dans les deux pays au cours des récentes années et il existe une similitude remarquable dans l'importance relative des composantes des deux systèmes financiers (voir le tableau 1).

Un aperçu de ce genre pour une année peut évidemment induire en erreur. La grandeur et l'importance relatives ainsi que le rôle de chaque groupe de compagnies changent. Les banques à charte détenaient 75 p. cent de tous les avoirs intermédiaires au moment de la Confédération et en détenaient 29 p. cent en 1968; on retrouve la même tendance aux États-Unis. Depuis plusieurs années, la part du marché que détenaient les banques d'épargne du Québec, les compagnies d'assurance-vie et les compagnies hypothécaires a diminué, tandis que celle des caisses de retraite et, jusqu'à tout récemment, des fonds mutuels augmentait. Parmi les banques ou les sociétés de financement ou d'investissement, certaines peuvent progresser ou ré-

TABLEAU 1

**IMPORTANCE RELATIVE DES INTERMÉDIAIRES
FINANCIERS DU CANADA ET DES ÉTATS-UNIS
1968**

Intermédiaires financiers	Canada pourcentage	États-Unis pourcentage
1. Banque du Canada—Federal Reserve.....	4.6	5.1
2. Banques à charte—Banques commerciales.....	28.9	31.6
3. Compagnies de fiducie et de prêt hypothécaire et caisses de crédit—Banques d'épargne coopératives, associations d'épargne et de prêt et caisses de crédit.....	12.2	15.9
4. Sociétés de financement (y compris les compagnies de prêts personnels).....	4.9	3.4
5. Sociétés d'investissement (à capital variable et à capital fixe).....	4.3	3.6
6. Compagnies d'assurance-vie.....	13.6	12.3
7. Caisses de retraite privées en fiducie.....	8.9	7.1
Total partiel.....	77.4	79.0
	22.6	21.0
Total général.....	100.0	100.0

SOURCE: «The Relative Efficiency of the Canadian Capital Market. The consequences for Canadian-United States Financial Relations» 1971, de E. P. Neufeld.

gresser du point de vue de leur taille, leur activité et leur influence. Qui plus est, le nombre de sociétés dans chaque groupe a augmenté ou diminué en raison des forces qui s'exercent à l'intérieur du groupe et en réaction aux influences extérieures.

Un autre aspect de la performance du système est le genre de services qu'il offre à ses clients. Le déposant canadien peut choisir, selon ses besoins, parmi toute une gamme d'institutions—banques, compagnies de fiducie, compagnies de prêt, caisses populaires et caisses de crédit—et parmi toute une gamme d'instruments de dépôts. L'emprunteur individuel ou collectif dispose d'un choix semblable de genres et de conditions de prêts, adaptés à ses besoins particuliers. Bien que certains services financiers soient restés la chasse gardée d'un genre particulier d'intermédiaires, de nombreuses barrières entre les institutions sont tombées à cause des entreprises commerciales et de la législation fédérale ou provinciale. Aujourd'hui, les banques jouent un rôle déterminant dans les prêts hypothécaires; les compagnies de fiducie consentent des prêts non garantis à court terme et achètent des titres commerciaux et financiers, tandis que les sociétés de finance font du financement à terme de l'achat de créances et de la location à bail. Les représentants de fonds mutuels vendent aussi de l'assurance-vie. Une compagnie de fiducie a institué un fonds mutuel à capital variable axé sur les hypothèques. Des

banques à charte ont parrainé d'importantes fiducies d'investissement immobilier. Une banque a récemment commencé à servir d'agent d'enregistrement et d'agent de transfert. Les compagnies d'assurance offrent maintenant des polices d'assurance fondées sur le patrimoine de société.

Les courtiers en valeur jouent un rôle déterminant sur les marchés de capitaux canadiens. Ils réunissent sur le marché les acheteurs et les vendeurs de valeurs. Ils font équivaloir leurs ordres et les exécutent; ils leur fournissent les services et les conseils financiers connexes. Les courtiers contribuent aussi de façon marquante à la bonne marche du système en négociant pour leur propre compte et en rajustant le niveau de leurs stocks pour répondre aux besoins de leurs clients. Si ces marchés fonctionnent bien, les emprunteurs et les prêteurs seront mis en contact à un coût minime. L'évolution des préférences des investisseurs et de la demande de fonds se refléteront rapidement et avec précision dans les prix et les rendements. Les marchés étendus, sensibles et souples jouent donc un rôle important dans la répartition des ressources réelles du pays et dans la détermination de l'efficacité de leur utilisation. Ce sont des instruments essentiels à la réduction du coût et à l'augmentation de la disponibilité des fonds en général et à la canalisation des fonds vers les industries en voie de développement.

La fonction la plus importante du courtier en valeurs est peut-être la souscription à forfait de fonds pour les corporations et les gouvernements et la mise sur le marché de nouvelles émissions d'actions et d'obligations. Étant donné qu'une grande partie du coût de lancement d'une nouvelle émission est fixe, les offres inférieures à \$1.5 million sont généralement peu économiques. Il semble aussi que ce soit le montant minimal permettant de créer un marché pour les actions. Cette somme constitue donc la condition minimale pour que ces actions soient admises à la cote des grandes bourses de valeurs.

Des études ont été entreprises, au début des années 60, pour mesurer l'efficacité relative des souscripteurs canadiens en comparant leurs écarts ou leurs frais de souscription avec ceux des souscripteurs des États-Unis. Ces études ont permis de constater qu'en général les écarts au Canada étaient plus étendus et, dans le cas de nouvelles émissions d'obligations des sociétés, beaucoup plus que celles des États-Unis. Ces écarts représentent le coût le plus important pour les émetteurs de valeurs. Le rapport de la Commission royale d'enquête sur les banques et les finances a fait observer que les autres dépenses de souscription, telles que les frais d'enregistrement, les frais d'avocat, les frais de fiducie et d'impression étaient au moins deux fois plus élevés aux États-Unis.

Une nouvelle étude des écarts de souscription demandés par les courtiers a récemment été conduite par la Banque du Canada et indique la différence entre les écarts demandés au Canada et aux États-Unis s'est considérablement réduite. En ce qui concerne les émissions d'obligations des provinces, la différence d'écart est maintenant négligeable. Pour ce qui est des actions ordinaires des compagnies qui vendent leurs titres au public pour la première fois, les écarts de souscription au Canada sont

généralement inférieurs à ceux des États-Unis. La tendance générale à la baisse des coûts de souscription au Canada au cours des dernières années représente une efficacité relative accrue du marché canadien.

Une des principales raisons pour lesquelles le coût de souscription des émissions d'obligations des sociétés reste plus élevé au Canada est que, relativement, plus d'obligations sont vendues à des particuliers qu'à des institutions. Ce «marché de détail» est un marché plus coûteux à desservir. En 1971, une étude effectuée sur un certain nombre d'émissions publiques d'obligations des sociétés au Canada a révélé que la proportion des émissions vendues aux grandes institutions financières variait d'un montant négligeable jusqu'à 60 p. cent. Sur les vingt et une émissions étudiées, 14 ont été vendues à des acheteurs autres que les grandes institutions dans une proportion de 50 p. cent ou plus, et sept l'ont été dans une proportion de 75 p. cent. Cette possibilité de vente au détail a permis aux souscripteurs canadiens de lancer des émissions relativement importantes sur le marché canadien. La population des États-Unis s'élève à dix fois celle du Canada et son produit national brut est 11 fois plus importants mais ces différences n'ont aucune influence sur le marché des capitaux. Par exemple, de janvier 1970 à juillet 1972, plus de 70 émissions de titres des provinces et des sociétés ont été vendues au Canada. Toutes s'élevaient à \$40 millions ou plus, dont 10 à plus de \$75 millions. Au cours de la même période aux États-Unis, il y a eu seulement cinq émissions de plus de \$200 millions. Une de celles-ci, une émission de l'American Telephone and Telegraph Company, s'élevant à \$1,569.5 millions n'a pas été garantie par un «underwriter» mais vendue par souscription. Toutefois, le «marché de détail» devient de plus en plus coûteux et l'on peut s'interroger sur la capacité de l'industrie des valeurs de maintenir ce service à l'avenir.

2. Efficacité économique—Marchés nationaux des capitaux et besoins financiers régionaux

Deux sortes d'efficacité

En évaluant la performance des institutions du marché des capitaux, on doit tenir compte de deux critères. Le premier, qui peut être appelé l'efficacité d'exploitation, consiste à voir à ce que ces institutions fonctionnent à un coût minimal. On cherche à réduire les dépenses le plus possible, tout en obtenant des résultats d'un niveau donné. Cette notion d'efficacité exige aussi que les bénéfices soient assez alléchants pour attirer un volume de capital suffisant qui permette aux institutions, en tant que groupe, de prendre de l'expansion au même rythme que l'économie. En réalisant cette efficacité d'exploitation, on obtiendra des institutions financières de taille optimale, fortement concurrentielles et une structure des plus efficace—c'est-à-dire au moindre coût—pour les marchés des capitaux. Les institutions dont l'exploitation est efficace doivent être sensibles aux transformations techniques qui pourraient réduire les coûts ou améliorer les services. Cela implique en retour que de nouvelles sociétés, tant locales que nationales, puissent avoir accès au marché.

Il se peut que dans certains cas l'on choisisse délibérément de ne pas tenter d'atteindre le plus haut niveau d'efficacité d'exploitation sur les marchés des capitaux. Dans les cas où il y a de fortes économies d'échelle, la structure la plus efficace pourrait réduire le nombre de concurrents, au point que des éléments monopolisateurs pourraient accaparer les gains éventuels découlant de l'efficacité d'exploitation. Dans d'autres cas, on pourrait vouloir restreindre l'admission d'autres groupes pour assurer la sécurité et la liquidité des institutions sur les marchés des capitaux.

Le second genre d'efficacité économique, l'efficacité de répartition, concerne la façon dont les marchés des capitaux répartissent le montant limité d'épargne qu'ils accumulent. L'efficacité de répartition exige que les fonds, lorsqu'ils sont adaptés aux risques, soient canalisés vers les emprunteurs qui produisent les plus hauts rendements. Les emprunteurs de toutes les régions du pays devraient pouvoir obtenir des fonds au même coût, toutes choses étant égales par ailleurs. Qu'un emprunteur habite Vancouver, Moose Jaw, Toronto ou Halifax, les fonds devraient être à sa disposition aux mêmes conditions.

L'efficacité économique exige que les épargnes du pays soient affectées aux usages le plus productifs. Les institutions financières qui fonctionnent à l'échelle nationale, accumulent les épargnes dans toutes les régions et redistribuent les fonds dans les régions suivant l'usage le plus productif; et ce, en supposant que le marché ne souffre pas d'imperfections majeures telles que les barrières régionales, les restrictions juridiques sur les investissements, la concurrence insuffisante ou le manque de connaissances. Les épargnants obtiennent ainsi des taux de rendement supérieur et les emprunteurs obtiennent leurs fonds à un coût inférieur. Il s'en suit que les marchés des capitaux, qui sont raisonnablement efficaces du point de vue économique, ont une envergure nationale.

Le Canada a réussi à établir un marché des capitaux vraiment national, qui fonctionne presque sans entraves artificielles. Ce marché offre donc en réalité des services partout au pays à un coût fondamentalement égal. Ceci ne signifie pas que nos institutions financières aient toujours été aussi sensibles aux occasions d'investissement partout au Canada. Dernièrement, toutefois, plusieurs de ces institutions ont pris des mesures décentralisatrices en vue de renforcer leurs opérations régionales.

Le système des banques à succursales

Les réseaux de succursales de nos plus grandes institutions financières assument une part importante du processus de répartition des fonds au Canada. Ces institutions ont pu recueillir l'épargne excédentaire de certaines régions et la déplacer pour répondre aux demandes d'épargne ailleurs dans la même région ou dans d'autres régions du Canada. Le système des succursales permet une grande mobilité des fonds entre les régions qui en ont un surplus et celles qui en manquent, à l'avantage à la fois des épargnants et emprunteurs. L'expansion du mouvement des caisses de crédit dans l'Ouest au cours des dernières années constitue en exemple frappant des avantages évidents d'un tel système. À l'origine, ces institutions œuvraient exclusi-

vement sur le plan local; mais à mesure qu'elles grandissaient et devenaient plus complexes, elles se sont groupées, avec l'aide de leur centrale, pour former des organismes qui s'apparentent de plus en plus aux systèmes bancaires à succursales et qui investissent des fonds excédentaires ou liquides partout au Canada.

Le système bancaire à succursales s'est développé pour répondre à certaines caractéristiques bien canadiennes. Notre population est dispersée de façon relativement épars sur un vaste territoire. Les diverses régions du pays, qui ont des profits variés d'activités économiques, ont des besoins financiers plus ou moins variés selon les saisons. Le système de succursales apporte une réponse à cette situation. Il étend même ses services à de très petits centres urbains. L'évolution historique du système de succursales fait supposer que les institutions financières ont réalisé d'importantes économies d'échelle en mettant au point des systèmes nationaux de succursales. On présume qu'il y a certains avantages du point de vue des coûts par rapport au système américain des banques individuelles, par exemple. Par contre, il est possible que de la nature oligopolistique de nos institutions bancaires ait découlé un système relativement coûteux par dollar d'actif. Les données disponibles ne nous ont cependant pas portés à examiner l'équilibre des avantages et des désavantages du point de vue des coûts.

Il est clair que les grandes institutions financières remplissent un éventail si large de fonctions, que la réalisation d'une efficacité maximale dans chacune des fonctions puisse exiger une unité d'organisation relativement importante. Bon nombre des tâches nécessitent de hauts degrés de compétence technique qui ne s'acquièrent qu'après une formation intensive et une spécialisation poussée, comme c'est le cas pour la gestion des opérations des marchés financiers.

Il est plus risqué de mener des opérations à petite échelle. On ne peut cependant définir de façon absolue ce qui est «assez grand» et ce qui est «trop petit». La fusion des banques importantes aux environs de 1960 a considérablement accru la dimension moyenne des banques canadiennes. La Banque de la Colombie-Britannique, par ailleurs, a connu du succès depuis sa fondation en 1967, bien que, pour le moment, elle n'ait des succursales que dans cette province.

Il se peut que les institutions purement locales ou régionales possèdent certains avantages par rapport aux sociétés nationales. Elles ont un intérêt particulier dans la localité et peuvent avoir une connaissance approfondie des conditions du marché local et des entrepreneurs de l'endroit. Puisque l'entrepreneur et le financier habitent la même localité, leurs objectifs économiques dépendent fort probablement les uns des autres. De plus, toutes les décisions d'affaires se prennent localement. D'autre part, ce lien étroit entre le banquier et l'entrepreneur local peut nuire à l'objectivité du banquier, le poussant à entreprendre des affaires mauvaises ou plus ou moins attrayantes au détriment de ses actionnaires, de ses déposants et de l'ensemble du pays.

Bien entendu, les institutions locales ou régionales pourraient avoir accès aux marchés nationaux de capitaux par

l'intermédiaire d'un système de correspondants avec les grandes institutions nationales. Le système de banques individuelles aux États-Unis a mis au point un tel réseau de correspondance. Toutefois, une étude exhaustive de la structure bancaire aux États-Unis, publiée en 1967, soutenait que les banques à succursales américaines réussissaient mieux à transférer les fonds destinés aux prêts que le système de correspondants. L'étude dit ceci:*

«Il apparaît donc que les flux de crédit dans le système de correspondants sont de très faible importance. La plupart des petites banques individuelles n'avaient aucun accord de participation avec les correspondants en 1963; très peu avaient des facilités de crédit et une poignée seulement avait vendu des actifs ou emprunté à leurs correspondants au cours de l'année. Parmi les banques individuelles les plus grandes, la proportion de ces accords était supérieure mais seuls les participants avaient une importance quantitative. Puisqu'il n'y a aucune raison de croire que le besoin de tels accords serait moins prononcé chez les petites banques que chez les grandes — l'inverse serait plutôt le cas — il y a au sein du système de correspondants des frictions évidentes qui nuisent au libre mouvement des fonds en provenance des petites banques individuelles ou allant vers elles.»

L'étude souligne ensuite que «les données disponibles indiquent que les flux de dépôts entre les banques, par l'intermédiaire du système de correspondants, tendent à éloigner plutôt qu'à rapprocher les fonds de prêts des régions où la demande de crédit est la plus grande et que les flux de crédit entre les banques, gênés par les frictions entre les institutions du système, n'arrivent pas à rétablir l'équilibre».

C'est le succès de certaines institutions financières du Canada, dont les sièges sociaux sont à l'extérieur de Toronto et de Montréal, qui, comme on l'a dit, a hâté le rythme de la décentralisation de quelques-unes des grandes institutions nationales. Les directeurs régionaux se sont vu accorder plus d'importance et plus d'autonomie. On a élevé les limites des prêts soumis à l'approbation locale ou régionale, de manière à accélérer l'approbation des demandes de prêt et à donner plus de poids aux jugements des gens sur place. Une banque a annoncé dernièrement son intention d'établir des conseils régionaux, ce qui est courant dans les sociétés fiduciaires.

Cet exposé n'a pas la prétention de faire croire que le Canada vit dans le meilleur des mondes en ce qui a trait à ses marchés de capitaux et au système de succursales de ses plus grandes institutions financières; ni que nos institutions financières n'ont jamais été lentes à mettre au point des méthodes innovatrices pour satisfaire aux besoins financiers du public. Une chose est claire cependant: le système financier s'est développé en s'adaptant aux conditions particulières du marché canadien des capitaux et il fonctionne dans un contexte très concurrentiel.

La valeur du marché national des capitaux et évidemment celle du marché international, ont été reconnues par les provinces elles-mêmes dans les programmes de gestion de leurs propres dettes. Sauf dans des cas particuliers, les

*Jack M. Gittentag et Edward S. Herman, «Banking Structure and Performance», New York University Graduate School of Business Administration, Institute of Finance, Bulletin n° 41/43, février 1967.

gouvernements provinciaux s'attendent à vendre leurs obligations d'abord sur le marché national des capitaux ou sur le marché international. Ils ne limitent certes pas leurs sources d'emprunts à leurs propres territoires. De même, lorsqu'ils ont eu à investir des surplus de fonds à court terme, ils ont cherché généralement le marché qui rapportait le plus. Pour prêter comme pour emprunter, ils se sont adressés au vaste marché canadien dans son ensemble, par l'intermédiaire des banques et des courtiers en valeurs, comme tout autre prêteur ou emprunteur canadien de même calibre.

DEUXIÈME PARTIE

1. Le système financier des provinces de l'Ouest

Les renseignements et les données ne fournissent pas une image complète de l'activité et des flux financiers par provinces. Il est donc difficile de tenter une analyse de l'efficacité du système financier dans la mesure où il concerne une province ou une région en particulier. Par exemple, certaines données bancaires essentielles ne sont pas recueillies, telles que les statistiques sur la répartition régionale des prêts aux entreprises dans le cadre des facilités de crédit autorisées de \$100,000 ou plus. Même si elles étaient recueillies, ces données ne serviraient, en soi, que très peu à l'analyse du flux des fonds. Le taux de croissance de ces prêts dans différentes régions traduirait principalement la force relative de la demande de crédit plutôt que d'indiquer une correspondance avec l'offre régionale. Les banques à charte font concurrence aux autres institutions et marchés financiers dans le domaine du crédit. Dans la mesure où ces sources de crédits en concurrence sont, dans certaines provinces, plus nombreuses que dans d'autres, les emprunteurs peuvent compter plus ou moins sur le crédit bancaire. De plus, il n'y a pas de relation nécessaire entre l'endroit où une succursale consent un prêt, disons à une société d'envergure nationale, et la région où le produit du prêt est dépensé. De la même façon, les données concernant les prêts consentis par les sociétés de fiducie à charte provinciale—les plus importantes de ces institutions—ne sont pas disponibles. Malgré ces lacunes dans l'information, il est possible, à partir des données disponibles, d'avoir une idée générale de l'activité des institutions au service d'une région telle que l'Ouest canadien et du développement relatif dans chacune des provinces.

Les banques traitent-elles les demandes de crédit dans certaines régions du pays autrement qu'ailleurs? Acceptent-elles, dans les régions à faible croissance, des demandes qu'elles refuseraient ailleurs? Voilà autant de questions pertinentes auxquelles ne peut répondre un analyste de l'extérieur sans une étude approfondie d'un grand nombre de demandes particulières de crédit dans différentes régions du pays. Cela entraînerait un examen plus minutieux que dans le passé des opérations privées de crédit et pourrait passer pour une violation de la nature confidentielle des relations entre le banquier et son client.

Les données disponibles, analysées plus loin, n'indiquent pas qu'une province de l'Ouest ait été l'objet d'un traitement discriminatoire. Au contraire, il semblerait que l'Ouest canadien reçoit au moins sa part de ressources et de ser-

vices financiers comparativement au reste du Canada. Aucune autre conclusion définitive n'est possible sans des données plus complètes. Le rassemblement et l'interprétation de données régionales plus significatives présentent, toutefois, des difficultés. Le gros du problème consiste en ce que les sommes obtenues par les emprunteurs ne sont pas nécessairement dépensées dans la région où le prêt a été consenti. Ainsi, par exemple, un prêt consenti pour financer une exploitation de potasse en Saskatchewan pourrait ne pas paraître comme un prêt accordé dans cette province si le siège social de la société est établi, disons, à Toronto. Les prêts pour les céréales consentis à Winnipeg, parce que le siège de la Commission canadienne du blé y est situé, sont accordés pour les céréales produites en Alberta et en Saskatchewan aussi bien qu'au Manitoba. On peut donc constater que, même s'il existait des données plus complètes, il serait extrêmement difficile de les interpréter.

En supposant que les données souhaitées seraient disponibles et, de plus, qu'elles montraient que les provinces de l'Ouest accusent des sorties nettes d'épargne, cela ne serait pas nécessairement mauvais en soi. Comme on l'a déjà souligné dans ce document, il y a des considérations d'efficacité économique qui feraient que les fonds seraient mis à l'usage le plus productif possible en vue du mieux-être du pays tout entier. En pareille situation, les épargnants obtiennent des taux de rendement supérieurs sur leurs épargnes et les emprunteurs obtiennent leurs fonds à des coûts inférieurs.

2. Les banques à charte

Avec un actif de \$46 milliards en dollars canadiens à la fin de 1972 et quelque 6,500 succursales au Canada, l'ensemble des banques à charte constitue l'intermédiaire financier le plus important du système canadien. Le tableau 2 fournit certaines indications concernant le réseau de succursales des banques à charte dans l'Ouest canadien. On

TABLEAU 2
QUELQUES COMPARAISONS (EN POURCENTAGE)

	Population ¹ (juillet 1972)	Revenu des particuliers ² (1971)	Succursales de banques ³ (nov. 71)
Manitoba.....	4.5	4.3	4.8
Saskatchewan.....	4.2	3.5	5.4
Alberta.....	7.6	7.6	8.1
Colombie-Britannique.....	10.3	11.1	10.8
L'Ouest canadien.....	26.6	26.5	29.1
Reste du Canada.....	73.4	73.5	70.9
Total.....	100.0	100.0	100.0

¹Statistique Canada.

²Statistique Canada.

³Bank Directory of Canada, décembre 1971.

y compare le pourcentage du total national des succursales bancaires dans chaque province au pourcentage de la population totale et du revenu total des particuliers de chaque province. Il ressort que les quatre provinces de l'Ouest comptent un pourcentage élevé de succursales de banques à charte par rapport aux autres régions. Il ne faut pas

oublier pour autant que la Banque de la Colombie-Britannique est la seule banque à charte dont le siège social est dans l'Ouest, bien que les autres banques à charte continuent à élargir leur autonomie régionale.

Le tableau 3 résume les données de la Banque du Canada sur les banques à charte dans les provinces de l'Ouest.

TABLEAU 3
BANQUES À CHARTE
VENTILATION PAR PROVINCE DE CERTAINS AVOIRS EN DOLLARS CANADIENS,
EN POURCENTAGE, AU 31 DÉCEMBRE 1972¹

	Prêts personnels	Prêts aux agriculteurs	Prêts aux entreprises (moins de \$100,000)	Prêts aux prov. et mun.	Titres des prov. et mun.	Prêts hypo- thécaires assurés (L.N.H.)	Autres prêts hypo- thécaires à l'habitation	Totaux
Manitoba.....	4.1	8.7	3.5	4.6	5.5	6.5	2.7	4.8
Saskatchewan.....	3.1	20.0	3.0	1.4	1.6	2.7	1.1	4.4
Alberta.....	8.9	26.7	7.9	5.8	7.5	15.2	6.7	11.0
Colombie-Britannique.....	14.1	4.8	16.2	4.6	5.7	12.9	33.5	13.4
L'Ouest Canadien.....	30.2	60.2	30.6	16.4	20.3	37.3	44.0	33.6
Reste du Canada.....	69.8	29.8	69.4	83.6	79.7	62.7	56.0	66.4
Total.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total..... (en millions de dollars)	7,149	1,569	2,411	894	964	2,436	957	16,380

¹Revue de la Banque du Canada, mars 1973.

Les données sont incomplètes en ce qu'elles ne comprennent ni les prêts aux entreprises dans le cadre de facilités de crédit autorisées de \$100,000 ou plus, ni les avoirs des banques à charte en titres de société. Le chiffre de \$100,000 est une limite arbitraire, mais il est conforme à la classification des prêts aux entreprises de la Banque du Canada qui les divise en prêts de moins de \$100,000, de \$100,000 à \$1 million, de \$1 million à \$5 millions et de \$5 millions et plus. Il est presque certain que les prêts de moins de \$100,000 seront utilisés à l'intérieur de la région où ils ont été consentis; toutefois, à mesure que le montant du prêt augmente, comme on l'a déjà indiqué, il devient de plus en plus probable qu'il servira aux fins générales de la société emprunteuse, au-delà des limites de la région. Les actions des sociétés sont exclues, puisque ceux qui les émettent sont probablement aussi de grandes firmes dont les activités ne se limitent pas à une seule province. Même s'il faut interpréter avec soin la répartition entre les provinces des avoirs des banques à charte et même si des séries chronologiques sont nécessaires pour dégager les tendances saisonnières et cycliques, il est tout de même intéressant de comparer ces chiffres avec ceux de la population et du revenu des particuliers figurant dans le tableau précédent. Cela

varie d'une province à l'autre, mais la proportion des prêts bancaires dans chaque province dépasse la proportion de la population et du revenu des particuliers.

3. Compagnies d'assurance-vie

Les compagnies d'assurance-vie sont le deuxième groupe d'intermédiaires financiers du Canada. Leurs avoirs se chiffraient à plus de \$17 milliards à la fin de 1972. Elles sont constituées soit par une loi fédérale, soit par une loi provinciale. Les plus grandes le sont généralement par le fédéral. Le nombre des compagnies dont le siège social est dans l'Ouest, ainsi que leur avoir total, figurent au tableau 4.

Du point de vue de l'actif, le rapport entre les compagnies d'assurance-vie constituées par une loi fédérale, dont le siège social est dans l'Ouest, et l'ensemble des compagnies d'assurance-vie constituées par une loi fédérale, en 1970, de \$1,879 millions à \$15,963 millions, soit 11 p. cent. Ici encore, ces chiffres sont quelque peu trompeurs étant donné la prépondérance de la Great-West Life.

TABLEAU 4
AVOIRS DES COMPAGNIES D'ASSURANCE-VIE
ÉTABLIES DANS L'OUEST

Siège social	Compagnies à charte fédérale ¹	Avoirs des compagnies à charte fédérale ³	Compagnies à charte provinciale ²	Avoirs des compagnies à charte provinciale
		\$		\$
Manitoba.....	4	1,788,934,445 ³	—	—
Saskatchewan.....	2	48,540,058	1	1,330,632
Alberta.....	2	6,608,736	3	3,300,000 ⁴
Colombie-Britannique.....	3	34,547,659	1	6,736,360

¹Les chiffres des compagnies à charte fédérale se rapportent au 31 décembre 1970 (compagnies canadiennes).

²Les chiffres des compagnies à charte provinciale se rapportent au 31 décembre 1971.

³L'importance de ce montant est attribuable principalement à la Great-West Life, dont les avoirs dépassent \$1.5 milliard (1970).

⁴Ce montant se rapporte au 31 décembre 1969 et à seulement deux des compagnies à charte provinciale.

TABLEAU 6
CONSTITUTIONS DE RENTES
1970

	en milliers de dollars	Pourcentage du total
Manitoba.....	26,733	6.4
Saskatchewan.....	10,781	2.6
Alberta.....	19,561	4.7
Colombie-Britannique.....	32,092	7.7
L'Ouest canadien.....	89,167	21.4
Reste du Canada.....	326,971	78.6
Total.....	416,138	100.0

TABLEAU 5

PRIMES D'ASSURANCE
1970

	en milliers de dollars	Pourcentage du total
Manitoba.....	53,617	4.0
Saskatchewan.....	40,441	3.0
Alberta.....	89,524	6.6
Colombie-Britannique.....	122,581	9.1
L'Ouest canadien.....	306,163	22.7
Reste du Canada.....	1,042,694	77.3
Total.....	1,348,857	100.0

TABLEAU 7

PRÊTS HYPOTHÉCAIRES EN VIGUEUR
AU 31 DÉCEMBRE 1970

	en milliers de dollars	Pourcentage du total
Manitoba.....	221,639	3.4
Saskatchewan.....	95,072	1.5
Alberta.....	633,128	9.8
Colombie-Britannique.....	754,983	11.7
L'Ouest canadien.....	1,704,822	26.4
Reste du Canada.....	4,762,587	73.6
Total.....	6,467,409	100.0

A l'heure actuelle, le Département des assurances du gouvernement fédéral publie des données par province sur les primes d'assurance, les pensions et les prêts hypothécaires. Ces données figurent aux tableaux 5, 6 et 7 ci-dessous. Les primes d'assurance et les constitutions de rente indiquent mieux sur une base annuelle le flux des capitaux à investir. Le stock des prêts hypothécaires en vigueur est la seule donnée disponible sur les actifs par province des compagnies d'assurance-vie. Il ne faudrait toutefois pas minimiser l'importance de ces chiffres sur les prêts hypothécaires, car, en 1970, les prêts hypothécaires en vigueur des compagnies d'assurance-vie constituaient 44 p. cent de leurs actifs. Les surintendants provinciaux des assurances ne fournissent pas de données pertinentes sur l'activité régionale des compagnies d'assurance-vie.

4. Compagnies de fiducie et de prêt hypothécaire

Les données par province sur les compagnies de fiducie et de prêt hypothécaire sont limitées. A la fin de 1972, l'ensemble des fonds propres et garantis des compagnies de fiducie s'élevait à \$8,345 millions comparativement à \$4,778 millions pour les compagnies de prêt hypothécaire. Le tableau 9 énumère le nombre et les actifs des compagnies constituées par des lois fédérales et provinciales.

Il ressort que l'activité des sièges sociaux est très faible dans l'Ouest, qu'il s'agisse de compagnies à charte provinciale ou fédérale. Cependant, la plupart des compagnies de fiducie ont des comités consultatifs régionaux ou locaux et ce sont les directeurs locaux qui approuvent eux-mêmes la majeure partie des prêts. Les bureaux régionaux au-

torisent ordinairement les prêts inférieurs à un million de dollars, tandis que le siège social approuve les plus élevés.

Quant aux succursales, l'Ouest est desservi proportionnellement à son pourcentage de la population du Canada. Il compte 21 p. cent des succursales des compagnies de fiducie et de prêt hypothécaire à charte fédérale et 28 p. cent de l'ensemble de l'industrie des compagnies de fiducie.

L'Association canadienne des compagnies d'assurance-vie procède à une analyse biennale des investissements d'assurance-vie par province. Ces derniers sont mentionnés au tableau 8, ci-dessous.

L'Ouest canadien détient 29.6 p. cent du total des actifs des compagnies d'assurance-vie, en comparaison avec quelque 27 p. cent du total de la population canadienne.

TABLEAU 8
RÉPARTITION DES ACTIFS PAR PROVINCE, 1970

	C.-B.	Alta. (millions de dollars)	Sask.	Man.
Titres de sociétés.....	1,167	961	257	358
Hypothèques et biens immeubles.....	898	805	211	308
Obligations des gouvernements et municipalités en propre.....	486	250	139	260
Autres.....	73	56	24	54
Total provincial.....	2,624	2,072	631	980
L'Ouest canadien.....	6,307			
Total Canada.....	21,273			

TABLEAU 9
ACTIFS DES COMPAGNIES DE FIDUCIE ET DE PRÊT HYPOTHÉCAIRE
DANS L'OUEST CANADIEN

Siège social	Compagnies à charte fédérale	Actifs des cies à charte fédérale ^{1,3}	Compagnies à charte provinciale	Actifs des cies à charte provinciale ^{2,3}
	\$	\$	\$	\$
Compagnies de fiducie				
Manitoba.....	2	33,926,000	6	32,000,000
Saskatchewan.....	1	39,031,855	2	800,000
Alberta.....	0	—	3	176,000,000
Colombie-Britannique.....	0	—	1	39,000,000
Compagnies de prêt				
Manitoba.....	1	3,000,000	1	600,000
Saskatchewan.....	0	—	2	750,000
Alberta.....	0	—	0	—
Colombie-Britannique.....	1	1,300,000	1	1,200,000

¹Au 31 décembre 1970.

²Les chiffres varient de 1970 à 1972.

³Fonds garantis.

5. Caisses de crédit

Le mouvement des caisses de crédit est très répandu dans l'Ouest et il croît rapidement. Les actifs des caisses

de crédit et des caisses populaires locales au Canada s'élevaient à \$5,532 millions à la fin de 1971. La dernière publication de Statistique Canada sur les caisses de crédit présente la ventilation suivante, par province, en 1970

TABLEAU 10
CAISSES DE CRÉDIT, SUCCURSALES DE BANQUES À CHARTE
ET DE COMPAGNIES DE FIDUCIE, PAR PROVINCE

	Caisses de crédit		Banques à charte		Cies de fiducie		Total	
	n°	%	n°	%	n°	%	n°	%
Manitoba.....	221	4.8	310	5.0	24	4.8	555	4.9
Saskatchewan.....	266	5.8	350	5.6	20	4.0	636	5.6
Alberta.....	253	5.5	521	8.4	44	8.9	818	7.2
Colombie-Britannique.....	232	5.0	684	11.0	53	10.7	969	8.6
L'Ouest canadien.....	972	21.1	1,865	30.0	141	28.4	2,978	26.3
Reste du Canada.....	3,623	78.9	4,335	70.0	355	71.6	8,313	73.7
Total.....	4,595	100.0	6,200	100.0	496	100.0	11,291	100.0

Le tableau suivant montre que le mouvement des caisses de crédit en Saskatchewan et en Colombie-Britannique se compose d'un certain nombre de caisses locales impor-

tantes, dont les actifs dépassent \$5 millions, tandis qu'en Alberta, le mouvement est essentiellement rural et comprend des unités relativement petites.

TABLEAU 11
CAISSES DE CRÉDIT LOCALES CLASSÉES D'APRÈS L'IMPORTANCE
DE LEUR ACTIF EN 1970

	100,000 ou moins	100,000 249,999	250,000 499,999	500,000 999,999	1,000,000 2,499,999	2,500,000 4,999,999	5,000,000 et plus	Total
Manitoba.....	61	53	23	41	20	18	5	221
Saskatchewan.....	19	35	36	84	56	18	16	264
Alberta.....	107	49	32	27	27	10	1	253
Colombie-Britannique.....	51	40	35	27	31	21	20	225
L'Ouest canadien.....	238	177	126	179	134	67	42	963
Reste du Canada.....	810	618	511	430	426	213	128	3,136
Total.....	1,048	795	637	609	560	280	170	4,099

A l'heure actuelle, trois centrales des provinces de l'Ouest font rapport au Surintendant fédéral des assurances:

Actifs au
31 juil, 1972

—Co-operate Credit Society of Manitoba	\$ 39,144,249
—Saskatchewan Co-operative Credit Society Limited	\$164,563,569
—B.C. Central Credit Union	\$ 93,991,557

La Credit Union Federation of Alberta n'est pas assujettie à la Loi sur les associations coopératives de crédit. Ses actifs sont légèrement plus élevés que ceux de la centrale du Manitoba, mais de beaucoup inférieurs à ceux des centrales de la Saskatchewan et de la Colombie-Britannique. Il est intéressant de noter que les centrales ont réparti leurs investissements dans tout le pays.

La publication de Statistique Canada donne aussi la ventilation par province des actifs totaux par sociétaire de caisse de crédit.

TABLEAU 12

ACTIFS PAR SOCIÉTAIRE DE CAISSE DE CRÉDIT

	1968	1969	1970
	(en dollars)		
Manitoba.....	884	917	977
Saskatchewan.....	1,280	1,269	1,273
Alberta.....	745	804	867
Colombie-Britannique.....	867	—	1,022
Ensemble du Canada.....	799	817	882

Le tableau ci-dessus donne quelques indications sur l'expansion des caisses de crédit et sur leur capacité d'attirer des clients, particulièrement au Manitoba, en Saskatchewan et en Colombie-Britannique.

Les données contenues dans les bilans de l'année 1970 donnent une idée de l'importance du mouvement local des caisses de crédit dans l'Ouest du Canada.

	Actifs totaux, au 31 déc. 1972
Manitoba	\$182,888,000
Saskatchewan	\$406,839,000
Alberta	\$137,340,000
Colombie-Britannique	\$351,715,000

Les actifs des centrales s'ajoutent à ceux-là. Bien que ces chiffres n'en fassent pas état, les caisses de crédit ont de plus en plus tendance à consentir des prêts aux entreprises.

6. Les succursales du Trésor de l'Alberta

De 1967 à 1972, les succursales du Trésor de l'Alberta ont porté leur passif en dépôt de \$152 millions à \$287 millions, soit une augmentation de près de 100 p. cent. Pendant la même période, les prêts sont passés de \$97 à \$147 millions, soit une augmentation de 50 p. cent.

Les 154 succursales du Trésor de l'Alberta offrent une gamme variée de services dans tous les coins de la province. Les \$147 millions consentis en prêts l'an dernier se sont répartis comme suit: environ 54 p. cent, soit \$79 millions, ont été accordés dans le domaine industriel et commercial; 15 p. cent, soit \$22 millions, à l'agriculture; et 14 p. cent, soit \$21 millions, aux municipalités. Ces trois secteurs ont toujours constitué le fondement des opérations de crédit des succursales du Trésor.

Le total des actifs des succursales du Trésor de l'Alberta atteignait \$304 millions le 31 mars 1972. Ce chiffre dépasse sensiblement le total des actifs du mouvement des caisses de crédit de l'Alberta.

L'importance des affaires des succursales du Trésor ressort mieux si l'on compare le total de leurs prêts à l'ensemble des prêts personnels, des prêts aux agriculteurs, des prêts aux entreprises inférieurs à \$100,000, des prêts aux provinces et aux municipalités et des prêts hypothécaires

à l'habitation consentis par les banques à charte. Au 31 mars 1972, les prêts des succursales du Trésor s'élevaient à \$139 millions, comparativement au total général de \$1,414 millions des banques à charte de la province. En pourcentage, les opérations de crédit des succursales Trésor représentaient 9.8 p. cent des opérations déclarées des banques à charte. On reconnaît que cette comparaison ne rend pas compte d'une grande partie des prêts consentis par les banques à charte, comme ceux qui dépassent \$100,000. Elle reste cependant valide, si le montant des prêts individuels des succursales du Trésor est relativement peu élevé.

7. Sociétés d'investissement

Les données par province sur les sociétés d'investissement et de financement sont limitées. Dans ce domaine, il existe dans l'Ouest un organisme important connu sous le nom de Investors Group et qui a son siège social à Winnipeg. Essentiellement, l'Investors Group fait des transactions par l'intermédiaire de ses filiales dans les quatre grands domaines d'investissement que sont les fonds mutuels, les caisses de pension, les certificats d'investissement et les investissements importants en capital social. A la fin de 1971, les actifs de l'Investors Group s'élevaient à un total d'environ \$500 millions.

8. Sociétés de financement

Dans le domaine des sociétés de financement, on compte la société Laurentide Financial Corporation Limited qui a son siège social à Vancouver. La compagnie et ses filiales s'intéressent avant tout au financement des ventes à la consommation et des entreprises commerciales et industrielles, au financement immobilier et aux prêts personnels. A la fin de 1971, les actifs de la société Laurentide s'élevaient à environ \$300 millions. La société Laurentide-Union Management Corporation Ltd. a été créée en 1970 pour intégrer le financement des ventes à la consommation et le financement d'activités commerciales et industrielles. La société de gestion est fortement orientée vers la Colombie-Britannique comme nous l'indique la distribution de ses succursales.

Division du financement à la consommation 1970

Provinces	Succursales	Pourcentage
Terre-Neuve.....	1	—
Île-du-Prince-Édouard.....	—	—
Nouveau-Brunswick.....	1	—
Nouvelle-Écosse.....	9	5.0
Québec.....	83	45.9
Ontario.....	38	21.0
Manitoba.....	2	1.1
Saskatchewan.....	2	1.1
Alberta.....	10	5.5
Colombie-Britannique.....	34	18.8
Autres.....	1	—
Total.....	181	100.0

**Division du financement commercial et industriel
1970**

Provinces	Succursales	Pourcentage
Terre-Neuve.....	—	—
Île-du-Prince-Édouard.....	—	—
Nouveau-Brunswick.....	—	—
Nouvelle-Écosse.....	2	6.7
Québec.....	5	16.7
Ontario.....	11	36.7
Manitoba.....	1	3.3
Saskatchewan.....	1	3.3
Alberta.....	4	13.3
Colombie-Britannique.....	6	20.0
Autres.....	—	—
Total.....	30	100.0

En outre, la société Laurentide a une division du financement immobilier qui compte six bureaux sur l'ensemble du territoire canadien. Elle en compte quatre dans l'Ouest, à Winnipeg, Calgary, Edmonton et Vancouver.

La société Laurentide détient également 51 p. cent des actions du capital initial versé de \$2 millions de la société North Continent Capital Ltd., qui a été constitué en 1971 en Colombie-Britannique et dont les activités portent sur le financement commercial et la location à bail au Canada. C'est la première fois qu'une grande société de ce secteur a établi son siège social dans l'Ouest canadien.

9. La bourse

La bourse de Vancouver a dépassé largement les bourses de Toronto et de Montréal au cours de la dernière décennie en ce qui concerne la croissance de la valeur des opérations dans les titres inscrits. La valeur est passée de \$125,692,534 en 1963 à \$784,102,576 en 1972, soit une augmentation de 523 p. cent au cours de la décennie.

10. Corporation de Développement du Canada— Ventures West Capital Ltd.

En janvier 1973, la Corporation de Développement du Canada a collaboré à la création de la société Ventures West Capital Ltd., une nouvelle société ayant son siège à Vancouver et qui s'intéressera d'abord aux besoins en capitaux de risque des entreprises de l'Ouest et du Nord-Ouest du Canada. La société Ventures West s'intéressera probablement davantage à la mise en valeur des ressources, sans négliger pour autant les investissements dans l'industrie secondaire. L'investissement initial de la CDC, \$2,050,000, représente 58.6 p. cent de la capitalisation initiale de \$3.5 millions de la Ventures West. De nouveaux capitaux pourraient être souscrits cette année jusqu'à un montant maximal de \$5 millions. La CDC pourra participer à ces nouvelles souscriptions mais elle ne se propose pas de détenir plus de 50 p. cent du capital augmenté. Les autres actionnaires sont notamment la Banque de la Colombie-Britannique, la société Hastings West Investment

Ltd. de Vancouver et les trois principaux actionnaires de la société Brown Farris and Jefferson Ltd., de Vancouver, qui gèrent les nouvelles entreprises de capitaux de risque. Le président du Conseil de la société Ventures West est le président de la Banque de la Colombie-Britannique.

11. Capitaux de risque

La Ventures West n'est pas la seule entreprise de capitaux de risque dans l'Ouest. Une étude faite récemment a reconnu l'existence de 42 entreprises de capitaux de risque dont six ont leur siège social dans l'Ouest canadien. Une autre a constaté l'existence de 70 entreprises de capitaux de risque dont 19 ont leur siège social dans l'Ouest canadien. Les entreprises de capitaux de risque ne limitent pas leurs opérations à la ville ou à la région dans laquelle se trouve leur siège social. Par exemple, une entreprise qui a été créée en 1962 à Montréal, a des bureaux à Vancouver et à Toronto. De 24 opérations d'investissement faites récemment, dont la valeur s'élève à plus de \$12 millions, 21 ont été effectuées dans des entreprises situées au Canada, dont 8 dans l'Ouest canadien.

12. Programmes du gouvernement fédéral

Les tableaux suivants comparent la répartition par province de certains programmes fédéraux d'aide financière aux petites entreprises. On y utilise trois barèmes pour mesurer l'importance des quatre provinces de l'Ouest au sein de l'économie. À l'exception d'une seule, toutes les séries se rattachent aux cinq dernières années. Elles suppriment ainsi temporairement les distorsions dans la répartition provinciale et couvrent un cycle économique complet. Les cinq programmes ne constituent pas l'ensemble des programmes fédéraux qui prévoient une aide aux petites entreprises. D'autres documents, présentés à la Conférence, traiteront d'autres programmes. Ceux-ci font partie des attributions de trois ministères fédéraux différents mais présentent les caractères communs suivants: leur volume global et leur répartition géographique sont déterminés par les forces du marché. Il n'existe ni plafond ni contingent ni répartition fixe pour l'un ou l'autre de ces programmes. Certains programmes sont appliqués sous la direction effective du gouvernement fédéral et d'autres concernent seulement des prêts garantis faits par des institutions de prêt privées (voir les colonnes 5, 6 et 7). Il va sans dire que le tableau 14 ne doit pas s'interpréter comme un moyen de mesurer dans quel degré on a répondu aux demandes d'aide financière des provinces de l'Ouest, étant donné qu'il n'existe pas de moyen de mesurer la demande. Mais ces statistiques indiquent vraiment jusqu'à quel point on a recouru aux programmes des provinces de l'Ouest en comparaison avec le reste du Canada.

Comme l'indique le bas du tableau 14, 58.8 p. cent des ressources de ces programmes ont été consacrées aux provinces de l'Ouest, tandis que ces provinces représentent seulement environ 27 p. cent de l'économie. Ce rapport se vérifie dans chacune des quatre provinces prises séparément. De plus, l'ensemble des provinces de l'Ouest a reçu beaucoup plus que 27 p. cent de chacun des programmes. De fait, elles ont reçu plus de la moitié de cette proportion de

chaque programme, sauf dans le cas des prêts aux petites entreprises dont le total s'élève à 36 p. cent. On peut interpréter les quelques déficits comme un reflet de la limitation des activités agricoles en Colombie-Britannique et des activités de pêche dans les Prairies. D'autre part, la Colombie-Britannique reçoit presque le double en financement de la Banque de développement industriel, comme l'indique sa part d'activité économique; elle reçoit environ le triple de sa proportion de prêts aux petites entreprises et près des trois quarts de tous les prêts faits à l'amélioration des pêcheries. Comme on peut s'y attendre, les provinces des Prairies touchent la majeure partie des fonds des programmes agricoles, mais elles touchent une part importante des prêts faits aux entreprises, que ce soit par l'entremise de la Banque de développement industriel ou de la Loi sur les prêts aux petites entreprises. Le fait que la Colombie-Britannique reçoive autant de ces deux dernières caté-

gories de prêts aux entreprises, masque la différence pour le reste de l'Ouest canadien.

On pourra soutenir qu'une raison pouvant justifier la proportion plus élevée des ressources fédérales consacrées aux provinces de l'Ouest est la présence dans les autres provinces de programmes semblables qui se font concurrence. C'est sans doute vrai, surtout en ce qui concerne les programmes agricoles et de pêche, mais il serait trompeur de conclure que les activités prévues dans ces programmes provinciaux font contrepois à l'activité relative aux programmes fédéraux. Les ressources nécessaires à ces programmes provinciaux proviennent toutes de ces provinces tandis que les programmes fédéraux font appel aux ressources qui proviennent de l'ensemble du pays. Les provinces qui n'établissent pas leurs propres programmes et qui se servent des programmes fédéraux sont ainsi libres d'utiliser ces ressources à d'autres fins.

TABLEAU 13
RÉPARTITION PROVINCIALE DES PRÊTS
SÉRIES PARTICULIÈRES

Moyenne annuelle sur cinq ans de 1968 à 1972
(Années civiles)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Population totale	Revenu des particuliers	Ventes au détail	BDI*	Prêts aux petites entreprises	Prêts d'amé- lioration agricole	Prêts d'amé- lioration des pêches	Corporation de crédit agricole	Total (4) à (8)
	(milliers)	(millions)	(millions)	(milliers)	(milliers)	(milliers)	(milliers)	(milliers)	
Manitoba.....	983	2,957	1,185	6,491	750	12,587	3	15,839	35,670
Saskatchewan.....	940	2,771	1,074	4,633	905	36,996	16	42,763	85,318
Alberta.....	1,592	5,084	2,193	16,549	1,566	38,939	1	34,000	91,055
Colombie-Britannique.....	2,125	7,394	3,113	51,144	3,302	5,633	2,429	8,412	70,920
Provinces de l'Ouest.....	5,640	18,206	7,565	78,822	6,523	94,155	2,449	101,014	282,963
Canada.....	21,280	67,899	27,189	179,321	18,159	122,770	3,350	157,376	480,976

*Années financières se terminant le 30 septembre.

N.B. A cause de l'arrondissement des chiffres, il se peut que l'addition des totaux diffère des chiffres indiqués.

TABLEAU 14
RÉPARTITION PROVINCIALE DES PRÊTS
SÉRIES PARTICULIÈRES

Moyenne annuelle sur cinq ans de 1968 à 1972

(Années civiles)

(En pourcentage du chiffre applicable à l'ensemble du Canada)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Population totale	Revenu des particuliers	Ventes au détail	BDI*	Prêts aux petites entreprises	Prêts d'amé- lioration agricole	Prêts d'amé- lioration des pêches	Corporation de crédit agricole	Total (4) à (8)
Manitoba.....	4.6	4.4	4.4	3.6	4.1	10.3	0.1	10.1	7.4
Saskatchewan.....	4.4	4.1	4.0	2.6	5.0	30.1	0.5	27.2	17.7
Alberta.....	7.5	7.5	8.1	9.2	8.6	31.7	0.0	21.6	18.9
Colombie-Britannique.....	10.0	10.9	11.4	28.2	28.5	4.6	72.5	5.3	14.7
Provinces de l'Ouest.....	26.5	26.8	27.8	44.0	35.9	76.7	73.1	64.2	58.8
Canada.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* Années financières se terminant le 30 septembre.

N.B. A cause de l'arrondissement des chiffres, il se peut que l'addition des totaux diffère des chiffres indiqués.

Au cours de plusieurs années de date récente, la Banque de développement industriel a délégué pour une bonne part ses pouvoirs réels de décision sur les propositions de prêt à ses succursales et à ses bureaux régionaux. Au cours des premières années de fonctionnement de la Banque de développement industriel, toutes les propositions de prêt devaient être communiquées au siège social à Ottawa pour approbation. Mais au cours de l'année financière qui s'est terminée le 30 septembre 1972, environ 66 p. cent des prêts ont été autorisés au niveau de la succursale, 31 p. cent au niveau de la région et seulement 2 p. cent au bureau de Montréal du directeur général et 1 p. cent au siège social à Ottawa. A la fin de son année financière 1972, la Banque de développement industriel possédait 46 succursales dont 17 étaient situées dans l'Ouest canadien. La Banque de développement industriel s'est engagé à appliquer un programme de développement très positif de nouveaux bureaux locaux et ne s'est pas limitée à effectuer ses opérations à partir des capitales de chaque province. Au cours de l'année financière 1972, 96.7 p. cent des prêts faits dans la région des Prairies ont été autorisés au niveau d'une succursale ou d'une région et 97.5 p. cent ont été consentis à ces niveaux en Colombie-Britannique. Les régions ont non seulement une liberté à peu près totale en ce qui concerne l'autorisation des prêts mais elles sont également libres de toutes contraintes budgétaires. La Banque de développement industriel ne fait pas de répartition des fonds parmi les diversés régions. Chaque région est pourvue de tous les fonds parmi les diverses régions. Chaque région est pourvue de tous les fonds nécessaires pour satisfaire aux montants à prêter dans la région.

13. Programmes des gouvernements provinciaux

Les provinces de l'Ouest, à l'exception de la Colombie-Britannique, appliquent des programmes particuliers qui offrent des stimulants au développement industriel sous la forme de prêts directs, de garanties de prêts et de subventions. Bien qu'ils soient relativement peu importants par rapport au total des investissements publics et privés dans les provinces, ces programmes offrent un montant considérable de fonds destinés au financement des activités industrielles. La société Manitoba Development Corporation a été créée en vue de stimuler le développement économique et l'emploi dans les établissements de fabrication et de transformation secondaires en premier lieu qui n'étaient pas en mesure d'obtenir des moyens financiers ailleurs à des conditions raisonnables. La société Manitoba Development Corporation offre un service de conseil en matière de financement et de gestion, des prêts, des garanties de prêts et des participations en capital social. Depuis sa fondation jusqu'en 1971, le programme du Manitoba a utilisé 200 millions de dollars, dont 32 ont été déboursés en 1970-1971. La Saskatchewan Economic Development Corporation a pour but d'offrir une aide financière destinée à la fondation et à l'expansion des entreprises. Les entreprises de fabrication et de transformation, les activités agricoles, de même que les entreprises d'exportation et de tourisme, sont admissibles. La SEDCO accorde des prêts sur des actifs immobiliers, des subventions pour la recherche et loue ou vend des emplacements et des immeubles industriels. Le programme a accordé \$88 millions depuis le commencement de ses opérations jusqu'à la fin de 1971.

et a déboursé plus de \$18 millions en 1970-1971. La société Alberta Opportunity Company a été créée pour stimuler la création d'entreprises nouvelles et l'expansion d'entreprises existantes, afin de diminuer la dépendance de la province sur les industries de ressources primaires et de provoquer la création de possibilités d'emploi. Les sociétés canadiennes qui comportent de grandes possibilités d'emploi jouissent d'une priorité. Le programme offre des prêts ne dépassant pas 80 p. cent du coût en capital ou 80 p. cent de la valeur des stocks, des garanties de prêts pour des projets d'immobilisation et des prêts destinés aux besoins de capital de roulement. Le montant maximal d'un prêt est fixé à \$500,000. Le programme prévoit également des prêts ou des garanties allant jusqu'à 50 p. cent ou à un maximum de \$10,000 des coûts de recherche et de développement. Depuis sa création jusqu'en 1971, le programme a accordé un montant de fonds d'environ \$11 millions, dont environ \$2,5 millions ont été déboursés en 1970-1971.

Résumé

Bien que les données sur le système financier de l'Ouest canadien soient incomplètes, les faits semblent indiquer que les institutions financières et les marchés de capitaux ont canalisé vers les emprunteurs des provinces de l'Ouest une proportion des capitaux disponibles qui est plus élevée que les proportions de la population totale du Canada et du revenu des particuliers de ces provinces. D'une façon générale, cet état de chose traduit un niveau d'activité économique relativement élevé dans l'ensemble de la région et témoigne de l'existence de programmes de prêts spéciaux bien adaptés aux besoins d'emprunt des quatre provinces. Tout au long des années, les institutions financières ont étendu leur gamme d'activités et de services et ont amélioré leur capacité de satisfaire aux besoins financiers grandissants du monde des affaires non seulement de l'Ouest canadien mais aussi du Canada tout entier. Il n'en reste pas moins qu'il se trouve encore des domaines qui présentent des problèmes. Nous en parlerons ci-dessous.

TROISIÈME PARTIE

La question du financement des entreprises

1. Le financement des «petites entreprises»

Une question qui revient souvent en discussion est celle de la disponibilité de capitaux suffisants à placer dans des obligations ou des actions qui permettraient aux petites et aux moyennes entreprises de jouer le rôle qui leur revient dans le développement et l'expansion de l'activité locale. On affirme souvent, en particulier, que les moyens de financement de risque accessibles aux petites entreprises nouvelles ou en expansion sont limités et difficiles à obtenir. Ces prétentions ne se font pas entendre uniquement dans l'Ouest canadien où la tendance consiste à les qualifier de problèmes régionaux. On entend ces affirmations partout au Canada et dans la plupart des économies du monde industrialisé. Les systèmes financiers les plus avancés et les plus compétitifs du monde ont fait l'objet de critiques parce qu'ils ne répondent pas de façon adéquate

aux besoins de financement des «petites entreprises». Les gouvernements ont tenté de diverses façons d'atténuer l'acuité de ces problèmes, mais il est difficile de dire si le Canada retarde sur les autres pays dans ce domaine ou s'il les devance.

Qu'il existe ou non une pénurie de capital de financement des petites entreprises au Canada, le financement ne constitue qu'un seul des nombreux problèmes de la petite entreprise, d'après plusieurs études canadiennes faites récemment. Selon ces études, les difficultés majeures des petites entreprises sont de cinq types:

- manque de capacité de gestion;
- lourdes responsabilités attribués à une ou deux personnes-clés;
- manque de capital à investir dans des actions;
- manque de capital à investir dans des obligations à risque élevé;
- coût élevé du capital.

Ces difficultés ne sont pas propres à notre pays en particulier, comme le prouve une enquête de grande envergure sur les marchés de capitaux menée par l'Organisation de coopération et de développement économiques. Dans son étude des besoins financiers des petites et des moyennes entreprises de tous les pays membres, l'OCDE a fait état des obstacles suivants.

- a) Un manque de capital social (ou capital de propriété) qui ne peut être compensé par l'émission d'actions ou la création de participations à une échelle plus importante. Ce manque de capitale limite par voie de conséquence les possibilités d'obtenir des emprunts des institutions qui imposent les conditions habituelles du commerce bancaire en ce qui concerne la garantie. Les petites sociétés à responsabilité limitée en croissance se trouvent habituellement dans une situation très difficile, puisqu'elles ne sont pas capables d'obtenir une aide supplémentaire sur le marché et qu'elles doivent déjà porter le fardeau fiscal qui s'attache à cette forme d'entreprise;
- b) Les difficultés d'accès au crédit à moyen et à long terme, ou l'inaptitude à obtenir des montants suffisants en raison de l'insuffisance du capital social ou de propriété—il se pose généralement moins de problèmes en ce qui concerne le capital de roulement;
- c) L'impossibilité éventuelle pour ces entreprises d'obtenir des fonds par l'émission d'obligations dans le public.»

Des conclusions à peu près semblables sont énoncées dans le Rapport Radcliffe publié au Royaume-Uni en 1959 et dans un rapport publié récemment par un Groupe de travail sur les petites entreprises des États-Unis. La situation dans ce dernier pays se résume, par exemple dans la citation suivante d'un passage d'une étude spéciale sur la petite entreprise aux États-Unis:

«Les besoins de capitaux des entreprises dont la durée d'existence ne remonte pas assez loin pour avoir accumulé

des ressources internes ou qui sont trop petites pour pouvoir faire appel aux marchés financiers organisés constituent un problème perpétuel pour la petite entreprise. Le problème a été étudié par Adam Smith et a provoqué plus de commentaires et plus de controverse que n'importe quel autre sujet concernant la petite entreprise...

«Il est inévitable que le financement à long terme par l'entremise des marchés de valeurs soit inaccessible au plus grand nombre des petites entreprises et difficile et coûteux pour celles qui sont assez importantes pour en faire usage. Les données indiquent que le capital initial d'une petite entreprise est généralement constitué d'épargne personnelles ou d'emprunts garantis (sur immeuble ou police d'assurance-vie) de l'entrepreneur ou de sa famille, de prêts ou d'investissements provenant de connaissances personnelles, de montants d'argent reçus à l'improviste (héritage, etc.) et d'autres sources semblables. A part cela, dans sa recherche du capital initial ou d'autres capitaux pour le fonctionnement ou l'expansion, le propriétaire de la petite entreprise peut constater que ses besoins et ses objectifs ne conviennent pas ou sont incompatibles avec les conditions et les objectifs des investissements ou des prêteurs potentiels.»*

La question de savoir si le secteur financier privé du Canada finance une fraction plus ou moins grande des «petites» entreprises que le secteur financier privé des grandes nations industrialisées, en particulier celui des États-Unis, reste toujours à régler. A ce propos, la Commission royale d'enquête sur la banque et la finance a indiqué dans son rapport publié en 1964 qu'un groupe international de banquiers commerciaux a déclaré que:

«Les facilités et la concurrence relatives aux moyens de financement des petites entreprises étaient plus développées au Canada qu'ailleurs.» Le rapport souligne aussi certaines «difficultés à trouver un nombre d'entreprises donnant satisfaction.»

Face à ces problèmes bien connus, une gamme impressionnante de facilités de financement privées et de programmes gouvernementaux a été effectivement mise au point au cours des dernières années. Leur expansion dans l'Ouest canadien a déjà été traitée plus haut. La question de savoir si le système dans son ensemble et dans son état actuel suffit à la tâche relève de l'appréciation et d'une étude soutenue. Il reste une difficulté à résoudre cependant: c'est le fait qu'il n'existe pas encore de source d'information unique à la disposition des hommes d'affaire concernant cette gamme de facilités.

L'inventeur d'une idée ou d'un produit nouveau peut faire face à des circonstances particulièrement difficiles pour obtenir l'aide dont il a besoin pour éprouver son invention et la mettre au point pour le marché. Il arrive souvent que le particulier dans une telle situation n'a pas dressé de plan d'entreprise ou n'a pas pensé de le faire. Un plan de ce genre contiendrait des documents concernant la disponibilité, réelle ou potentielle, d'une équipe de gestion, la capacité technique de mettre le produit en production et l'existence de marchés suffisants. En l'absence du développement d'au moins une partie d'un tel plan de commercialisation, les moyens de financement à des con-

ditions raisonnables peut fort bien être difficile sinon impossible à obtenir.

2. Manque de capitaux de risque

Un autre domaine préoccupant est la situation des sociétés trop petites pour financer leurs besoins au moyen d'émissions faites dans le public d'actions de capital social. A ce propos, il est intéressant d'étudier l'expansion de l'industrie canadienne des capitaux de risque.

Une étude faite conjointement par la société Varitech, une entreprise de capitaux de risque ayant son siège à Toronto, et l'École de gestion des affaires de l'Université de Toronto, et des études semblables menées par divers ministères du gouvernement fédéral font ressortir les éléments suivants:

—La première entreprise officielle de capitaux de risque qui, définie de façon restrictive, a pour but d'investir dans des actions de capital social de sociétés de fondation récente dont les actions ne sont pas transigées dans le public ne remonte qu'à 1953, soit l'année où deux entreprises de ce genre ont été fondées.

—Une étude a constaté l'existence de plus de 300 sociétés et personnes qui avaient investi ou investiraient sous une forme ou une autre dans des entreprises ayant besoin de capitaux. Une autre étude se fondant sur une définition plus étroite a constaté l'existence de 42 entreprises de capitaux de risque ayant un ensemble de ressources de beaucoup supérieur à \$100 millions.

—Certaines de ces entreprises sont affiliées à des institutions financières très importantes qui auraient accès à des ressources importantes si les besoins ou des possibilités se présentaient.

—A part les entreprises de capitaux de risque, il existe au moins autant de personnes dans ce domaine qui se livrent à cette activité d'une façon moins ouverte.

—Les entreprises sont relativement petites et utilisent un nombre limité de personnes possédant une formation avancée dans l'évaluation des possibilités d'investissement.

—Règle générale, les entreprises de capitaux de risque souhaitent être représentées au conseil d'administration des sociétés dans lesquelles elles investissent mais ne veulent pas participer, et ne possèdent pas les moyens voulus pour le faire, à la gestion.

—Afin d'éviter de se faire présenter des propositions fantaisistes, un bon nombre de sociétés jouent volontairement un rôle effacé, s'abstiennent de faire de la publicité et se fient aux entreprises qui leur sont associées pour se faire présenter des clients.

—Selon les entreprises exerçant cette activité, il existe une pénurie de propositions viables, ce qui est largement attribuable à un manque de personnel de gestion compétent. (Une étude indique que sur 1,520 propositions faites à 16 entreprises de capitaux de risque, seulement 250 justifiaient une enquête en profondeur et 52 ont fait l'objet d'investis-

*The Future of Small Business par F. D. Hollander, New York, 1967.

sements. Des études faites aux États-Unis révèlent l'existence d'un phénomène semblable.)

—En dépit d'un filtrage très soigné, la proportion des succès n'est pas plus que modérément intéressante, environ deux ou trois investissements sur dix doivent être rayés des livres, cinq connaissent un succès modeste et deux ou trois peuvent être classés comme des succès très intéressants.

D'une façon générale, il semble donc que s'il est difficile de quantifier les manques réels, des études indiquent bien que le Canada ne retarde pas sur les autres pays développés en ce qui concerne les mécanismes d'offre de capitaux de risque aux petites entreprises. L'industrie s'est développée rapidement au cours des dernières années. Elle est constituée de plus de 300 fournisseurs potentiels de capitaux, dont un certain nombre sont parrainés par d'importantes institutions financières. La Corporation de développement du Canada a, elle aussi, fait son entrée dans ce domaine par trois participations importantes dans trois entreprises de prêts de capitaux de risque. En résumé, on est arrivé à la conclusion que le secteur privé est en expansion et qu'il «institutionnalise» le domaine des capitaux de risque à un rythme rapide. Il s'est accéléré par la présence de la CDC, et les perspectives de remédier aux grandes insuffisances sur l'ensemble du territoire sont encourageantes.

3. La gestion des affaires et les faillites d'entreprises

Le problème d'une gestion insuffisante des affaires, en particulier dans les entreprises de petite taille, revient à peu près toujours dans les études sur les problèmes de financement. Des analyses de faillite d'entreprises ont mis en lumière un manque de capacité de gestion comme cause majeure des faillites. Le tableau 15 indique l'importance du problème.

TABLEAU 15

CAUSES DES FAILLITES D'ENTREPRISES

Intermédiaires financiers	Canada	États-Unis
	pourcentage	pourcentage
	Canada	États-Unis
	1970	1970
Incompétence.....	42.4	45.0
Manque d'expérience en gestion.....	20.1	16.0
Expérience mal équilibrée.....	19.3	18.2
Manque d'expérience dans le secteur d'affaires.....	9.4	10.6
Négligence.....	2.7	2.8
Fraude.....	1.8	1.2
Désastre.....	.8	1.5
Autre.....	3.5	4.7
Total.....	100.0	100.0

SOURCES: Canada —«Why do Businesses Fail?»—M. I. Wagner. The Canadian Salesman—janvier 1967.

États-Unis—«Improving the Prospect of Small Businesses» —Residential Task Force, 1968.

L'incompétence, la première cause au tableau 15, est un terme d'ensemble qui comporte un certain nombre de lacunes spécifiques comme l'insuffisance des ventes, les dépenses excessives, les mauvaises localisations et le reste. Plusieurs faillites étaient inévitables parce que l'entreprise n'aurait jamais dû être créée d'abord en raison de l'absence de marchés suffisants. En 1971, il y a eu 3,270 faillites commerciales au Canada aux termes des lois sur la faillite et les liquidations, comportant des passifs de quelque \$322 millions. Les chiffres correspondants du 1^{er} semestre de 1972 sont de 1,661 faillites comportant des passifs de \$193 millions. Les montants en dollars sont frappants mais ils recouvrent du gaspillage et des coûts sociaux sous la forme de conditions d'emploi instables et généralement peu prometteuses.

Il existe évidemment des raisons pour que l'on offre aux secteurs des entreprises des moyens de formation et de consultation. Même s'il existe plusieurs programmes de formation, ils ne semblent pas coordonnés et il ne se fait pas assez de publicité à leur sujet, comme nous l'avons dit précédemment. Il n'existe aucun bureau où le propriétaire d'une petite entreprise peut s'adresser pour obtenir des renseignements sur les programmes existants ou obtenir de l'aide et des conseils qui sont bien adaptés à la solution des problèmes qui lui sont propres. Il serait particulièrement utile que l'homme d'affaires d'une petite entreprise puisse faire appel à un système d'orientation décentralisé et efficace pour obtenir de l'aide.

4. Centres de décision

Un autre aspect du financement de capital régional concerne la question de la localisation des sièges sociaux et la concentration des centres de décision dans l'Est du Canada. Nous avons étudié plusieurs points particuliers dans ce document et l'on a constaté que si les sièges sociaux sont de fait concentrés dans l'Est canadien, les bureaux régionaux ont concrètement une part de plus en plus large de discrétion à exercer dans l'approbation des prêts. Les limites des prêts accordés par les régions sont généralement élevées et un grand nombre d'institutions ont des commissions consultatives régionales qui contribuent à donner des orientations à l'application des politiques par les institutions.

D'autre part, il peut exister des avantages en pratiquant une meilleure répartition des sièges sociaux sur l'ensemble du territoire canadien. La Banque de Colombie-Britannique a démontré qu'une nouvelle banque peut être lancée avec succès. Elle a exercé des effets bénéfiques sur le progrès de Vancouver comme centre financier. Certaines activités de marché financier ont vu le jour dans cette ville et la Banque du Canada y a établi un représentant de son Département des valeurs mobilières. Certaines banques établies ont déjà réagi en accordant une autonomie plus grande à leurs opérations en Colombie-Britannique. Finalement, l'emplacement du siège social d'une institution financière dans une région peut attirer et provoquer le développement d'industries auxiliaires pour desservir l'institution financière, au moins dans les grands centres de service régionaux.

5. Banques à base régionale

Une autre question importante consiste à savoir si les besoins financiers des régions seraient mieux desservis par l'établissement d'institutions financières sur une base régionale, y compris les banques à charte. Rares sont les nouvelles banques établies au Canada récemment et, parmi celles-ci, seule la Banque de Colombie-Britannique a choisi une autre ville que Toronto ou Montréal pour l'emplacement de son siège social.

Vancouver a retiré des avantages évidents de l'établissement de la Banque de Colombie-Britannique. Cette dernière a contribué, ainsi que nous l'avons mentionné plus tôt, au début des activités d'un marché financier à Vancouver. Il est fort possible que l'établissement d'autres institutions financières à base régionale apportent des bénéfices régionaux ailleurs. Entre autres, elles pourraient faciliter la mise sur pied et la croissance d'industries connexes. Comme en Colombie-Britannique, d'autres institutions financières établies pourraient accorder une autonomie plus grande à leurs opérations dans une région donnée.

L'Acte de l'Amérique du Nord britannique attribue au Parlement la juridiction exclusive sur la constitution en corporations des banques et leurs activités. Le Parlement a exercé sa juridiction sur les banques par le moyen de la Loi sur les banques et l'incorporation d'une telle institution ne peut se faire que par une loi spéciale. Les capitaux requis pour fonder une nouvelle banque ne sont pas prohibitifs, puisque le minimum du capital social autorisé est de \$1 million.

La Loi sur les banques ne prévoit que très peu de restrictions en ce qui a trait à la propriété d'une banque. La personne, ou les personnes associées, est limitée à une détention de 10 p. cent des actions émises et souscrites du capital social de la banque. Une exception peut être faite pour les nouvelles banques avec l'approbation du Gouverneur en Conseil. La totalité des actions du capital social d'une banque détenue par des non-résidents ne peut dépasser 25 p. cent des actions émises et souscrites; la même limite s'applique aux personnes. (Une exception, qui comporte toutefois de sévères restrictions, existe dans le cas de banques dont la propriété étrangère excédait 25 p. cent avant le 22 septembre 1964). Les gouvernements dont ceux des provinces ne sont pas autorisés à posséder des actions. Cependant, certains agents de gouvernements provinciaux et autres, telles les caisses de pensions provinciales, peuvent détenir jusqu'à 10 p. cent des actions d'une banque, à la condition que le droit de vote que comportent ces actions ne soit pas exercé.

Il n'existe aucune disposition dans la Loi sur les banques qui empêche les caisses de crédit d'obtenir le statut de banque à charte. Deux sociétés de caisses de crédit provinciales de l'Ouest étudient sérieusement la possibilité d'établir une banque à base régionale et de faire une demande de charte bancaire. Elles se trouveraient assujetties à la limitation de 10 p. cent qui s'applique à toute personne comme à toute caisse de crédit non affiliée. Celles-ci et leurs centrales peuvent cependant acheter des actions d'une banque comme le prévoit la loi.

Bref, on peut dire qu'à l'exception des gouvernements provinciaux et des non-résidents mentionnées plus tôt, il n'existe aucune restriction d'ordre législatif empêchant l'établissement de nouvelles banques à charte à bases régionales, où que ce soit au Canada. De plus, le capital social requis (\$1 million) est relativement peu élevé et il semble que l'accumulation d'une telle somme ne constitue pas un problème. Ce qui semble manquer est le catalyseur requis pour fournir et assurer motivation, dynamisme et compétence administrative.

6. Flux régionaux des épargnes et investissements

Mis à part les points précités, deux questions importantes font l'objet de notre préoccupation constante. Nous avons déjà abordé l'une de celles-ci dans ce document. Elle concerne la capacité de l'ensemble de notre système financier de contribuer à répartir les capitaux disponibles afin de répondre aux besoins régionaux de crédit de capital. La question qui est soulevée consiste plus particulièrement à savoir si les institutions financières existantes et l'organisation du système font preuve d'une partialité inhérente ou délibérée qui conduit à une discrimination injuste contre les provinces de l'Ouest dans ce processus de répartition. Cette préoccupation découle du fait que les sièges sociaux des institutions les plus importantes sont concentrés dans une large mesure à Toronto et Montréal. Or, ce facteur de l'emplacement associé à la nature d'interdépendance du milieu des sociétés d'affaires se traduit par un manque de sensibilité envers les besoins de capital de développement dans l'Ouest. Dans au moins un cas, une étude provinciale a fourni une estimation de la balance défavorable entre les épargnes et les prêts dans la province à titre de preuve d'une sortie de fonds.

Le manque de données rend pratiquement impossible le calcul d'une estimation sûre de l'ensemble des épargnes et des investissements par province ou par région. De même, il n'est pas possible de remonter à la source des flux nets de fonds pour l'une quelconque des provinces. Les informations dont nous disposons sur les composantes du système financier, y compris les opérations des institutions privées et des programmes publics, n'indiquent pas de déviations importantes dans le processus de répartition, mais de toute évidence, elles ne fournissent qu'une vue partielle et l'on ne peut donc en tirer des conclusions générales.

Ce qui ressort, c'est qu'il se produit des flux interprovinciaux et interrégionaux en réaction aux besoins saisonniers variables et aux différents taux de croissance de l'accumulation des fonds et aux besoins et aux possibilités d'investissement. Ces flux constituent un élément indispensable du marché national de capitaux et, en fait, international. Prétendre que les épargnes accumulées dans une région quelconque du pays devraient nécessairement voir leur utilisation réservée à cette région seulement serait aussi destructif pour le concept d'un marché commun dans un pays, que le seraient des entraves à la circulation des personnes et des marchandises à travers des frontières provinciales.

Comme nous l'avons souligné dans ce document, la fonction du système financier, avec sa large gamme d'insti-

tutions, est de faciliter la circulation des fonds entre les épargnants et les prêteurs à la fois dans les régions et entre elles. La concurrence entre les institutions de même nature et entre les différentes sortes d'institutions contribue à assurer le fonctionnement efficace du système en jouant ce rôle d'intermédiaire. Les informations réunies dans ce document sur le système financier de l'Ouest démontrent sa nature variée et sa croissance continue. Il reste à déterminer s'il existe des besoins non satisfaits auxquels devrait répondre une nouvelle évolution du système.

7. Le crédit dans les régions à faible croissance

Une autre question qui préoccupe tout le monde est le flux et le coût du crédit dans les régions à faible croissance à une époque où la politique monétaire a dû être dirigée de façon à freiner la demande inflationniste excessive de l'économie nationale dans son ensemble. Dans l'Ouest, ce souci s'est particulièrement fait sentir au Manitoba et en Saskatchewan, où les taux de croissance économique ont eu tendance à traîner derrière ceux des autres provinces de l'Ouest. On a demandé si, en raison de ces circonstances, la politique monétaire pouvait être modifiée, ou s'il était possible de trouver certains moyens généraux pour maintenir un flux de crédit plus important, à des taux d'intérêt plus faibles que celui qui régnerait autrement sur le marché dans les régions en retard.

Une telle approche mettrait en cause la Banque du Canada et ses pouvoirs statutaires. La Banque fonctionne au centre du système financier, sur les réserves d'encaisse des banques à charte et sur le marché des titres du gouvernement du Canada, dans une conjoncture de marchés de capital unifiés au niveau national. Comme nous l'avons déjà expliqué, les fonds circulent sur ces marchés à travers les limites régionales en réaction aux taux d'intérêt différentiels et aux autres stimulants. Dans ces circonstances, il a toujours été nécessaire que la Banque du Canada tienne compte des conditions économiques régionales dans l'élaboration de la politique monétaire, et celles-ci agissent parfois comme une contrainte sur les choix politiques possibles.

A cause de l'importance des banques à charte dans notre système financier, la Banque du Canada a usé de «persuasion morale» pour favoriser l'affectation du crédit bancaire aux régions à faible croissance. A des moments où il a fallu restreindre le crédit, la banque centrale et le ministre des Finances ont demandé aux banques à charte d'accorder une attention spéciale aux emprunteurs des régions à faible croissance et aux petites entreprises en général. Les banques à charte ont donné l'assurance qu'elles accordent effectivement une attention spéciale aux demandes des petites entreprises et aux besoins des régions à faible croissance. L'apparition de politiques de partage des décisions d'octroi des prêts est significative à cet égard.

Les prêteurs cherchant à investir leurs fonds là où le rendement est le plus élevé, les différences entre les taux d'intérêt d'une région à l'autre tendront à disparaître par l'opération des tendances du marché. Si la banque centrale trouvait des moyens d'imposer dans une région des taux d'intérêt inférieurs à ceux qu'établirait le marché, les capitaux auraient tendance à sortir de la région, à moins que ce flux ne soit soumis à des contrôles directs et intensifs.

De la même façon, si la politique monétaire devait servir d'une façon ou d'une autre à modifier le montant total de crédit qui pourrait s'obtenir des institutions financières, la position centrale de la Banque du Canada ne lui donnerait pas assez de pouvoir pour régir le montant de crédit disponible dans telle ou telle région.

On a également proposé de modifier les exigences de couverture sur les dépôts ou les prêts des banques à charte dans certaines régions. Cette mesure ne semble pas non plus devoir donner des résultats probants et il faudrait un mécanisme de contrôle complexe pour l'appliquer. Des exigences de couverture différentes dans certaines régions pourraient produire des taux d'intérêt plus élevés sur les dépôts et attirer les fonds d'ailleurs dans les succursales bancaires qui s'y trouvent, mais il n'y aurait pas de relation nécessaire entre ces rentrées et un volume plus élevé de prêts. Si des exigences de couverture statutaires plus basses étaient appliquées à l'actif des banques dans certaines régions, cela pourrait entraîner des taux d'intérêt relativement plus bas sur les prêts ou une augmentation de leur volume. Encore ici, cependant, il n'y aurait pas forcément de correspondance entre les régions où les prêts sont consentis et celles où le produit est dépensé.

Des exigences de couverture plus basses dans les régions à faible croissance modifieraient également l'équilibre concurrentiel en faveur des banques et au détriment des autres institutions de prêt, y compris les institutions régionales. D'autre part, si les exigences de couverture des banques à l'échelle nationale restent inchangées, une compensation s'imposerait sous la forme d'exigences de couverture plus élevées dans d'autres régions, au détriment de la position concurrentielle des banques qui s'y trouvent. Il est évident que des techniques semblables feraient intervenir un nouvel élément et compliqueraient passablement le contrôle de la croissance globale du système bancaire, ce à quoi servent en fait les réserves d'encaisse obligatoires. De plus, et cette question est d'une grande importance pratique, de grandes différences entre les exigences de couverture d'une région à l'autre seraient nécessaires pour produire des différences dans les taux d'intérêt sur les prêts ou une rentabilité suffisante pour influencer les pratiques de crédit.

On a également proposé d'exercer des pressions sur certaines institutions financières pour qu'elles modifient la répartition de leurs ressources. Encore ici, une telle politique présente des problèmes sérieux. Il semble peu justifiable d'imposer à un groupe d'institutions particulier cette exigence et non pas aux autres institutions financières ou aux prêteurs et investisseurs non financiers. Même si un traitement discriminatoire était justifié, les institutions financières privées ne pourraient pas en pratique être forcées à faire des prêts qu'elles jugeraient incertains. Les banques et les autres institutions financières diffèrent grandement quant à leur présence dans les régions à faible croissance et le fait d'exercer des pressions sur elles pour qu'elles modifient leur répartition aurait un impact inégal dans ces régions.

L'expérience et les politiques canadiennes montrent que les gouvernements ont déjà agi directement ou indirectement pour stimuler les dépenses dans les régions à faible croissance en facilitant l'accès au crédit à bon marché.

Les gouvernements fédéral aussi bien que provinciaux prêtent des fonds et garantissent des prêts au secteur privé en vue d'atteindre des objectifs précis. Certains programmes, comme les prêts garantis aux agriculteurs et aux pêcheurs, ont des effets régionaux dans la mesure où ces industries sont concentrées dans des régions particulières. Le ministère fédéral de l'Expansion économique régional garantit des prêts destinés expressément aux régions à faible croissance.

Ces approches sont maintenant reconnues comme adaptées aux objectifs de l'expansion régionale ou de la promotion sociale, ou aux besoins de certains groupes. Mises en comparaison avec d'autres approches possibles à une politique régionale de crédit, elles offrent un moyen plus sûr et plus efficace d'assurer que le produit des prêts est effectivement dépensé dans la mesure du possible à l'achat de biens et services produits dans la région afin de stimuler sa croissance.

LISTE DES DOCUMENTS PRÉSENTÉS

- 001 **Agriculture**—Document présenté conjointement par les Premiers ministres de la Colombie-Britannique, du Manitoba, de l'Alberta et de la Saskatchewan.
 - 002 **L'investissement et les institutions financières régionales**—Document présenté conjointement par les Premiers ministres du Manitoba, de l'Alberta, de la Saskatchewan et de la Colombie-Britannique.
 - 003 **L'agriculture**—Document préparé par le gouvernement du Canada.
 - 004 **Le financement et les institutions financières**—Document préparé par le gouvernement du Canada.
 - 005 **L'exploitation des ressources minérales**—Document préparé par le gouvernement du Canada.
 - 006 **Le développement industriel et commercial**—Document préparé par le gouvernement du Canada.
 - 007 **Perspectives de développement régional**—Document préparé par le gouvernement du Canada.
 - 008 **Transformation des matières premières destinées à l'exportation**—Document publié le 17 juillet par le gouvernement du Canada.
 - 009 **Perspectives de développement économique et industriel**—Document présenté conjointement par les Premiers ministres de l'Alberta, de la Saskatchewan, de la Colombie-Britannique et du Manitoba.
 - 010 **Transports**—Document présenté conjointement par les Premiers ministres de la Saskatchewan, de la Colombie-Britannique, du Manitoba et de l'Alberta.
 - 011 **Organisation matérielle de la Conférence**—Document rédigé par le Secrétariat.
 - 012 **Les transports**—Document préparé par le gouvernement du Canada.
 - 013 Liste des délégués et conseillers.
 - 014 Liste des documents présentés.
 - 015 **Discours d'ouverture** du Premier ministre de la Colombie-Britannique, l'honorable David Barrett.
 - 016 **Allocution d'ouverture** de monsieur Jean Marchand, ministre des Transports—24 juillet 1973.
 - 017 **Déclaration inaugurale** du Premier ministre.
 - 018 **Les objectifs sociaux et économiques de l'Ouest**—Déclaration déposée par le Premier Ministre du Canada—le 24 juillet, 1973.
 - 020 **Propos d'introduction** du Premier ministre de la Saskatchewan, M. Allan Blakeney.
 - 021 **Propos d'introduction** de M. le Premier ministre Lougheed pour la Conférence sur les perspectives économiques de l'Ouest.
 - 022 **Projet d'ordre du jour.**
 - 023 **Programme suggéré.**
 - 024 **Réponse** du Président de la Commission canadienne des transports à monsieur Jean Marchand, ministre des Transports sur les dispositions de la Loi nationale sur les transports relatives aux tarifs-marchandises et aux appels y afférents.
 - 025 **Pour un système de tarifs équitables**: Proposition présentée par l'honorable F. H. Peacock, ministre de l'Industrie et du Commerce du gouvernement de l'Alberta—le 24 juillet, 1973.
 - 026 **Présentation visuelle de la proposition relative à l'établissement de tarifs équitables** par l'honorable F. H. Peacock, ministre de l'Industrie et du Commerce, gouvernement de l'Alberta.
 - 027 **Notes** pour un discours de l'honorable Donald S. Macdonald, ministre de l'Énergie, des Mines et des Ressources, prononcé à la Conférence sur les perspectives économiques de l'Ouest, Calgary, Alberta, le 25 juillet 1973.
 - 028
 - 029 **Allocution** prononcée par l'honorable John N. Turner, ministre des Finances sur les tarifs et les provinces de l'Ouest—le 25 juillet, 1973.
 - 030 **Déclaration** de l'honorable Alastair Gillespie, ministre de l'Industrie et du Commerce sur les Programmes de développement de l'industrie et du commerce de l'Ouest—Conférence sur les perspectives économiques de l'Ouest—le 25 juillet 1973.
 - 031 **Allocution** prononcée par l'honorable J. P. Goyer, ministre des Approvisionnements et Services à la Conférence sur les perspectives économiques de l'Ouest—le 25 juillet, 1973.
 - 032 **La politique fédérale d'achat et l'expansion régionale**—Document préparé pour la Conférence sur les perspectives économiques de l'Ouest par l'honorable Jean-Pierre Goyer, ministre des Approvisionnements et Services, Canada—le 25 juillet, 1973.
 - 033 **Agriculture**—Déclaration de l'honorable Otto Lang—le 26 juillet, 1973.
 - 034 **Déclaration** sur la **Décentralisation** prononcée par l'honorable James Richardson, ministre de la Défense nationale—le 25 juillet, 1973.
 - 035 **Allocution** prononcée par l'honorable John N. Turner, ministre des Finances sur l'Investissement et les institutions financières—le 26 juillet, 1973.
 - 036 **Déclaration** d'ouverture prononcée par l'honorable Eugene F. Whelan, ministre fédéral de l'Agriculture—le 26 juillet, 1973.
 - 037 **Notes** pour un discours de l'honorable Allan Blakeney, Premier ministre de la Saskatchewan, sur l'Agriculture et la vie rurale—le 26 juillet, 1973.
- Compte rendu sténographique**—Texte non révisé du compte rendu par séance.

ORGANISATION MATÉRIELLE DE LA CONFÉRENCE

Le Secrétariat

1. Horaire et lieu des réunions

La conférence se tiendra à Calgary les 24, 25 et 26 juillet 1973, dans la grande salle du Collège Mount Royal, nouvel établissement qui vient d'ouvrir et qui est situé dans la partie sud-ouest de la ville. Les délégués devront se familiariser avec le plan compliqué des étages qui sont de plus très vastes. Des panneaux indicateurs ont été placés partout et il y aura des guides pour indiquer où se trouvent les diverses pièces. La séance d'ouverture est prévue pour le 24 juillet à 10 heures. Pendant les trois jours, les réunions plénières auront lieu de 10 h à 12 h 30 et de 14 h 30 à 17 h 30.

2. Locaux

Les locaux prévus pour la conférence se trouvent aux premier et deuxième étages (voir les plans ci-joints) et sont répartis comme suit:

Premier étage

- Salle de conférence
- Secrétariat de la conférence
- Salon des délégués
- Bureau de la presse
- Bureaux des délégations provinciales
- Salons de la presse et des observateurs

Deuxième étage

- Bureau du Premier ministre
- Bureaux de la délégation fédérale
- Bureaux des Premiers ministres des provinces de l'Ouest
- Salle de réunion privée
- Entrée des délégués et entrée de la presse, des observateurs et du public

Troisième étage

- Salle à manger des délégués

3. Salle de conférence

Les réunions se tiendront dans la grande salle du collège, au premier étage. Les délégués fédéraux et provinciaux prendront place au bas de la salle, tandis que les observateurs et les représentants de la presse et du public suivront les débats dans les gradins adjacents. Un réseau de télévision intérieur permettra au public qui ne pourra entrer dans la grande salle de suivre les réunions dans l'amphithéâtre Ford du collège.

4. Entrée

Les délégués accèderont au collège Mount Royal par l'entrée sud-ouest. Les observateurs, les représentants de la presse et le public entreront par la porte sud-est, où il y aura un poste pour les autorisations.

5. Laissez-passer

Tous les débats seront ouverts à la presse et au public, mais on ne pourra accéder à certaines parties du collège sans laissez-passer. Ceux-ci devront être portés en permanence pour permettre au personnel de sécurité de service de reconnaître instantanément les personnes autorisées. Les laissez-passer auront les couleurs suivantes, selon les catégories de personnes:

Délégués	— Or sur fond blanc
Observateurs	— Bleu
Représentants autorisés de la presse	— Rose
Public	— Blanc
Personnel de la conférence	— Rose sur fond blanc

a) Délégués

Le secrétariat remettra les laissez-passer aux délégations le lundi 23 juillet. Les délégués officiels qui n'en auraient pas reçu pourront s'en procurer au bureau du secrétariat, situé au premier étage (voir plan ci-joint) le lundi 23 juillet, ou à l'entrée du collège, le mardi 24 juillet.

b) Représentants de la presse

Les autorisations de la presse seront également prêtes, mais les représentants de la presse pourront se procurer leurs laissez-passer au bureau de la presse de l'Hôtel International ou à l'entrée du collège réservée à la presse, le mardi 24 juillet.

c) Observateurs accrédités

Les observateurs autorisés pourront retirer leurs laissez-passer à la réception du collège, le lundi après-midi ou le mardi matin.

d) Public général

Étant donné que la grande salle n'a qu'un nombre limité de places pour le public, des laissez-passer seront distribués aux premiers arrivés chaque jour de la conférence. De plus, grâce à un réseau de télévision en circuit fermé, il sera possible de retransmettre les débats dans les salles 2017, A, B, C, et D qui peuvent recevoir deux cents personnes environ.

6. Services de secrétariat

Le secrétaire de la conférence sera M. Edgar Gallant, secrétaire du Conseil des Premiers ministres des provinces Maritimes. Il sera aidé par des agents et du personnel des gouvernements fédéral et provinciaux et du collège qui seront détachés pour les travaux courants.

Le secrétariat fonctionnera à Calgary du lundi 23 juillet à la fin de la conférence. Les délégations pourront utiliser ses services de 8 h 30 à 18 h, ou à tout autre moment, à condition de s'entendre au préalable avec le secrétariat.

Un service d'interprétation simultanée vers le français et vers l'anglais sera assuré pendant la durée de la conférence. Le secrétariat disposera aussi d'un service de traduction.

Les services suivants seront mis à la disposition des délégations au collège:

a) Un bureau administratif du secrétariat (pièce 1005, premier étage, angle sud), qui sera chargé de la coordination de toutes les questions matérielles (sécurité, laissez-passer, transports, messages, etc.).

b) Un bureau de production des documents (pièce 1034, premier étage, angle nord-est), qui sera doté des installations nécessaires à l'impression et la reproduction des documents.

c) Un bureau réservé aux organes de presse et d'information, qui sera situé dans les locaux réservés à la presse et à l'hôtel International.

d) Le secrétariat fournira également des services de sténographie, de transcription et de traduction.

Salle de réunion privée

La pièce 2025 (voir plan ci-joint) du deuxième étage a été réservée pour les réunions à huis clos.

Téléphone

Le téléphone a été installé dans tous les bureaux réservés aux délégations. Vous trouverez ci-jointe la liste des numéros des diverses délégations et des bureaux du secrétariat. On pourra joindre les délégués présents à la conférence en composant le numéro de leur délégation.

Le numéro de téléphone de l'hôtel est (403) 266-1611.

Compte rendu des délibérations

Des exemplaires non révisés du rapport sténographique seront remis aux délégations et aux représentants de la presse et des organes d'information l'après-midi pour les séances du matin, et le soir, pour celles de l'après-midi. La mention «non révisé» sera clairement indiquée sur ces documents.

Résumé des discussions

Après chaque rubrique de l'ordre du jour, le secrétariat rédigera un résumé des principaux points de la discussion et des mesures annoncées, proposées ou décidées.

7. Activités sociales

Les activités sociales prévues sont les suivantes:

a) Le mardi 24 juillet, le gouvernement de l'Alberta invitera tous les délégués, observateurs et membres de la presse à un dîner-barbecue qui aura lieu à 19 h 30 à Heritage Park. Le transport sera assuré au départ des hôtels Calgary Inn et International. (Départ des autobus: 19 heures.) La tenue de ville n'est pas de rigueur.

b) A la fin de la séance du mercredi après-midi, le Premier ministre du Canada donnera, dans le salon des professeurs du collège Mount Royal, une réception à laquelle seront invités tous les délégués, observateurs et représentants de la presse.

c) Le secrétariat est informé qu'après la réception, le Premier ministre invitera les premiers ministres des provinces à un dîner amical dans sa suite de l'hôtel Calgary Inn, le mercredi soir à 20:00 h.

d) Le secrétariat est également averti qu'après la réception, l'honorable Otto Lang donnera un dîner en l'honneur de tous les ministres fédéraux et provinciaux présents à la conférence. Les précisions concernant l'heure et le lieu seront communiquées en temps opportun.

8. Organisation générale

Repas

Les restaurants du collège seront ouverts à tous. Voici les dispositions prévues:

- la salle à manger des professeurs, au troisième étage est réservée aux délégués;
- les observateurs, les représentants de la presse et des organes d'information ainsi que le public de la salle de conférence pourront prendre leur repas dans le restaurant Rathskellar ou dans les autres salles, à l'exception de la salle à manger des professeurs;

Café

Le café et le thé seront servis dans les divers salons de conférence.

Moyens de transport

Des autobus assureront la liaison entre les hôtels Calgary Inn et International, et le collège (départ de ces hôtels à 8 h 30 et 9 h 15 le matin, et retour du collège à la fin de la séance de l'après-midi). Il y aura des taxis à la porte des hôtels et du collège.

Délégations

La liste des délégués et des observateurs sera communiquée séparément.

SECRÉTARIAT DE LA CONFÉRENCE

Secrétaire de la conférence—M. EDGAR GALLANT

Rapporteurs—M. VAL TRAVERSY
(Gouvernement du Canada)

—M. JIM ELDRIDGE
(Gouvernement du Manitoba)

—M. LÉO COURVILLE
(Gouvernement de la Saskatchewan)

—M. PETER KNAK
(Gouvernement de l'Alberta)

—M. KEITH HAMILTON
(Gouvernement de la Colombie-Britannique)

Services de documentation—M^{me} VALÉRIE DUFOUR

Services d'organisation générale—M. W. PRATT

Services de sécurité—M. A. LEMIEUX

Liaison avec la presse—M. D. ORCHARD

Conseiller spécial—M. G. BÉLEC

SERVICES AUX MÉDIA

1. Horaire de la conférence

Les sessions se dérouleront aux heures suivantes:

Le matin: de 10h.00 à 12h.30

L'après-midi: de 14h.30 à 17h.30

Dans la matinée de mardi, les premiers ministres feront chacun une déclaration préliminaire et discuteront des objectifs de la conférence. L'après-midi sera consacré à la discussion des questions du transport.

On est à réviser l'ordre des débats de mercredi et de jeudi, qui porteront sur l'expansion industrielle et commerciale, sur l'agriculture et sur le financement et les institutions financières. Plus amples renseignements à ce sujet seront disponibles avant la session d'ouverture.

2. Accréditation

On peut obtenir une accréditation de dernière heure au bureau d'accueil des média, à l'entrée de la presse du Mount Royal College (porte est), le lundi entre midi et 19 heures (téléphone: 246-1168); à la salle de presse de l'hôtel International, entre 20h. et 22h. lundi (téléphone: 265-9600); ou encore dans la matinée du mardi au collège. Le bureau d'accueil émettra les cartes d'identité et les dossiers de presse.

Les représentants des média sont priés de porter leur laissez-passer en tout temps pour faciliter la tâche aux officiers de sécurité et éviter des embarras en circulant au Mount Royal College.

3. Lieux et services

Les représentants des média, qui n'auront pu se joindre à la tournée de familiarisation des lieux lundi, sont priés de s'adresser à l'un des agents d'information qui se feront un devoir de les guider (voir la liste en page 3). La carte ci-jointe montre les salles situées au niveau 1 du collège (à l'étage inférieur de l'entrée de la presse):

Salle de conférence—«Le Forum»

Des tables munies d'équipements sonores et pouvant accueillir une centaine de reporters ont été disposées au fond de la salle de conférence, faisant face à la table de conférence en forme de U. On y a aménagé un système d'audition pour faciliter l'enregistrement des délibérations. On prévoit aussi que les conférences de presse auront lieu dans cette salle. Il y aura traduction simultanée de toutes les sessions du Forum.

Salles de travail

La grande salle de travail destinée aux journalistes est tout près du Forum. Elle compte 45 dactylographes, un système d'audition, 12 téléphones payant, des moniteurs de télévision qui transmettront les délibérations de la conférence, et une table de documentation. A proximité, des salles particulières serviront à l'alimentation et à l'enregistrement des groupes de radio particuliers; elles seront reliées à la salle de conférence par les lignes d'audition et des moniteurs de télévision.

Aire d'interviews

On a prévu, près de la salle de conférence, une aire d'interviews munie de l'éclairage nécessaire pour la télévision.

Bureau des relations avec les média

Le bureau des relations avec les média est voisin de la grande salle de travail des journalistes.

Des agents d'information se tiendront à ce bureau ou dans le voisinage, ou encore à la salle de presse de l'hôtel International, pour répondre à toute demande de renseignements, d'entrevues, de documents ou de tout autre service concernant la conférence. En voici la liste:

Dennis Orchard —agent d'information sénior
demandes générales—liaison

Ben Ward —documentation
Ian Macdonald —radio, télévision, photo
Claude Gendron —média de langue française
Tom Cheney —liaison technique—services de transmission
Louise Lavigne —secrétaire
Stacia Tchorewski —secrétaire
Annette Laventure —secrétaire

Restaurants

Le «Rathskellar», restaurant et lounge, se trouve entre la salle de conférence et les salles réservées aux média. Il est réservé d'abord aux représentants des média, qui pourront aussi utiliser les autres salles à manger du collège.

Chambre des photographes

Une chambre a été aménagée, près de l'entrée du secteur réservé aux média, à l'intention des photographes, qui pourront y déposer leurs équipements, etc.

4. Accessibilité

Les représentants des média auront accès directement à la salle de conférence à la fin des sessions de la matinée et de l'après-midi; mais, au début de chaque session, seuls les photographes et les caméramen pourront circuler dans la salle. Prière de ne pas utiliser de lampe-éclair dans le Forum.

La sortie arrière du Forum est à l'usage des délégués seulement.

Le lounge des délégués leur est réservé exclusivement. Les représentants des média n'auront pas accès aux bureaux des délégations provinciales et fédérale, à moins d'être accompagnés par un membre d'une délégation.

5. Communications

On s'attend à ce que les reporters achemineront leurs articles par téléphone, directement du collège, aux heures de la conférence. En soirée, de lundi à jeudi, on pourra envoyer ses articles de la salle de presse ou de la consigne de l'hôtel International aux bureaux du CN-CP, 303, 9^e avenue sud-est (téléphone: 265-6110).

6. Documentation

On s'attend à ce que la plupart des documents livrés par les gouvernements seront disponibles au fur et à mesure qu'ils s'en serviront dans leurs déclarations. La documentation sera distribuée dans la principale salle de travail.

7. Transcription des débats

La transcription non révisée des débats sera disponible aux délégations et aux média, dans l'après-midi pour les sessions de la matinée et en soirée pour celles de l'après-midi.

8. Transport

Le Mount Royal College est situé dans le sud-ouest de Calgary, à quatre milles du centre-ville. Des autobus quitteront l'hôtel International pour le collège, environ une heure avant le début de la session de la matinée. Ils ramèneront les délégués et les représentants au Calgary Inn (à un pâté de

maisons de l'hôtel International) chaque soir. Il y a aussi des taxis disponibles aux hôtels et au collège. La course entre le collège et le centre-ville coûte environ \$3.

9. Activités sociales

Mardi, le 24 juillet, à 19h.30: le gouvernement de l'Alberta invite les délégués, les observateurs et les représentants des média à un dîner en plein air (barbecue), au parc Héritage.

Des autobus attendront les invités à 19h., au Calgary Inn et à l'hôtel International. La tenue de ville n'est pas obligatoire.

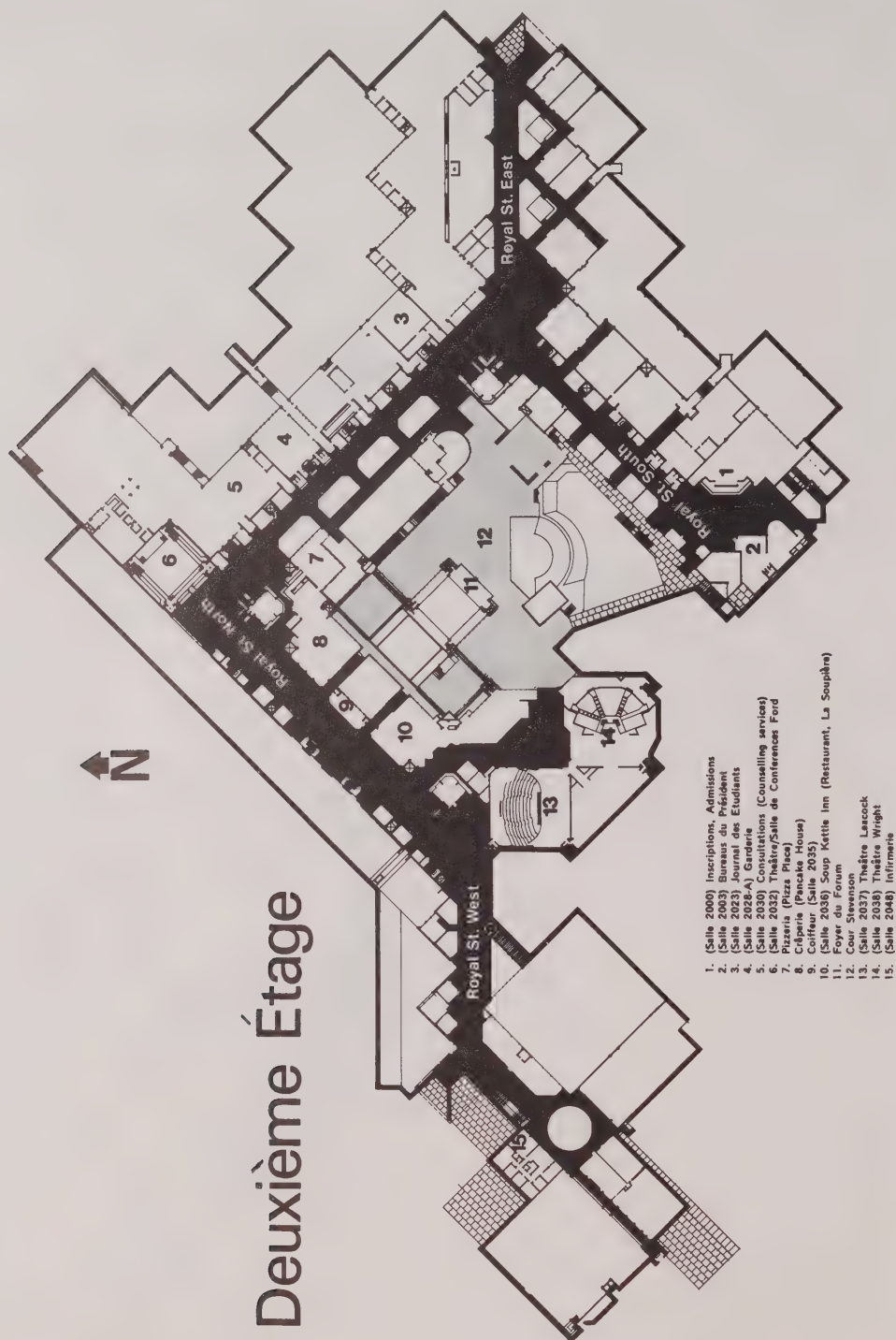
Mercredi, après la session de l'après-midi: le premier ministre Trudeau accueillera les délégués, les observateurs et les représentants des média à une réception qui aura lieu au lounge de la Faculté, au collège.

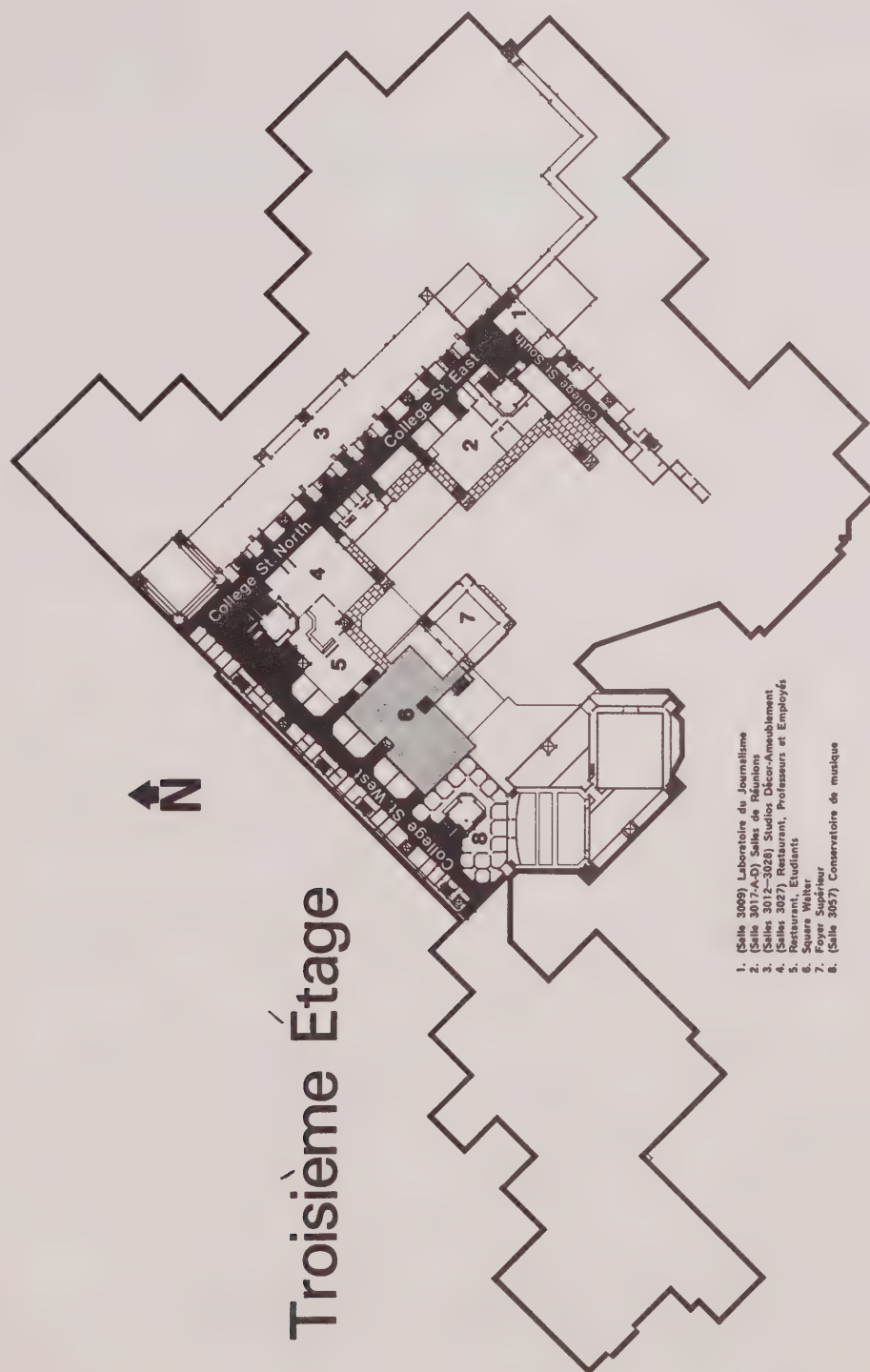
Secrétariat

Le secrétaire de la conférence est M. Edgar Gallant.

Premier Étage







LISTE DES DÉLÉGUÉS ET DES CONSEILLERS

CANADA

- Le très honorable PIERRE ELLIOTT TRUDEAU, **Président**
Premier ministre
- L'honorable Otto Emil Lang
Ministre de la Justice et Procureur général du Canada
- L'honorable Jack Davis
Ministre de l'Environnement et Ministre des Pêches
- L'honorable Stanley Ronald Basford
Ministre d'État chargé des Affaires urbaines
- L'honorable James Armstrong Richardson
Ministre de la Défense nationale
- L'honorable Jean Marchand
Ministre des Transports
- L'honorable John Napier Turner
Ministre des Finances
- L'honorable Jean Chrétien
Ministre des Affaires indiennes et du Nord canadien
- L'honorable Donald Stovel Macdonald
Ministre de l'Énergie, des Mines et des Ressources
- L'honorable Donald Campbell Jamieson
Ministre de l'Expansion économique régionale
- L'honorable Jean-Pierre Goyer
Ministre des Approvisionnements et Services
- L'honorable Alastair William Gillespie
Ministre de l'Industrie et du Commerce
- L'honorable Eugene F. Whelan
Ministre de l'Agriculture

Conseillers

- M. Joseph-Philippe Guay, député,
secrétaire parlementaire du ministre des Transports
- M. Len Marchand, député,
secrétaire parlementaire du ministre des Affaires indiennes et du Nord canadien
- L'honorable Martin O'Connell
Chef de cabinet du Premier ministre
- L'honorable Pat Mahoney
Conseiller spécial du Premier ministre
- M. R. G. Robertson
Greffier du Conseil privé et Secrétaire du Cabinet
- M. O. G. Stoner
Sous-ministre, ministère des Transports

- M. J. F. Grandy
Sous-ministre, ministère de l'Industrie et du Commerce
- M. J. P. Francis
Sous-ministre suppléant, ministère de l'Expansion économique régionale
- M. J. Austin
Sous-ministre, ministère de l'Énergie, des Mines et des Ressources
- M. J. Desroches
Sous-ministre, ministère des Approvisionnements et Services
- M. S. B. Williams
Sous-ministre, ministère de l'Agriculture
- M. H. P. Oberlander
Sous-ministre, département d'État chargé des Affaires urbaines
- M. Geoffrey Murray
*Coordonnateur de la politique globale
 Ministère des Affaires indiennes et du Nord canadien*
- M. T. K. Shoyama
*Sous-ministre adjoint, ministère des Finances
 (Secrétaire de la délégation fédérale)*
- M. F. A. G. Carter
Sous-secrétaire du Cabinet (Relations fédérales-provinciales)
- M. William Haney
*Division des relations fédérales-provinciales—Bureau du
 Conseil privé
 (Secrétaire adjoint de la délégation fédérale)*

ALBERTA

- L'honorable PETER LOUGHEED
Premier ministre
- L'honorable Hugh M. Horner
Ministre de l'Agriculture
- L'honorable D. R. Getty
Ministre des Affaires fédérales et intergouvernementales
- L'honorable Frederick H. Peacock
Ministre de l'Industrie et du Commerce
- L'honorable Louis D. Hyndman
Ministre de l'Éducation
- L'honorable Gordon T. W. Miniely
Trésorier de la province
- L'honorable William J. Yurko
Ministre de l'Environnement

- L'honorable William D. Dickie
Ministre des Mines et des Minéraux
- L'honorable Clarence Copithorne
Ministre de la Voirie et des Transports
- L'honorable Allan A. Warrack
Ministre des Terres et des Forêts
- L'honorable Horst A. Schmid
Ministre de la Culture, de la Jeunesse et des Loisirs
- L'honorable Robert W. Dowling
Ministre de la Consommation et Ministre chargé du Tourisme

Conseillers

- M. G. Purnell
Sous-ministre, ministère de l'Agriculture
- M. A. F. Collins
Sous-trésorier de la province
- M. L. D. Mabbott
Directeur exécutif, ministère des Affaires fédérales et intergouvernementales
- M. D. J. McEachran
Sous-ministre suppléant, ministère de l'Industrie et du Commerce
- M. G. B. Mellon
Sous-ministre, ministère des Mines et des Minéraux
- M. Marvin Moore
Député de la circonscription de Smoky River
- M. H. S. Millican
Chef du cabinet du Premier ministre
- M. James Seymour
Directeur du bureau de la région sud de l'Alberta, cabinet du Premier ministre
- M. Harry Hobbs
Secrétaire exécutif du Premier ministre
- M. E. M. Mills
Administrateur du Conseil exécutif, cabinet du Premier ministre
- M. J. Hutton
Secrétaire de presse, cabinet du Premier ministre
- M. J. E. Wiebe
Président, Secrétariat de la planification et des communications, ministère de l'Agriculture
- M. M. R. Finnerty
Adjoint spécial du Premier ministre, ministère de l'Agriculture
- M. J. G. O'Donaghue
Sous-ministre adjoint de la Production, ministère de l'Agriculture
- M. J. C. McAndrews
Sous-ministre adjoint du Développement, ministère de l'Agriculture
- M. James Clarke
Sous-ministre adjoint de la Commercialisation, ministère de l'Agriculture
- M. K. L. Kyle
*Directeur, Affaires sociales et culturelles
Ministère des Affaires fédérales et intergouvernementales*

- M. A. G. McDonald
*Directeur, Ressources et développement
Ministère des Affaires fédérales et intergouvernementales*
- M. J. Lindblad
*Directeur, Bureau d'Ottawa
Ministère des Affaires fédérales et intergouvernementales*
- M. Gordon Young
*Adjoint administratif du Ministre
Ministère des Affaires fédérales et intergouvernementales*
- M. Werner Wenzel
*Sous-ministre adjoint du Développement économique
Ministère de l'Industrie et du Commerce*
- M. D. H. Sheppard
*Chef, planification et renseignements
Ministère de l'Industrie et du Commerce*
- M. J. W. Telford
*Directeur, recherche et développement en matière de transports
Ministère de l'Industrie et du Commerce*
- M. R. G. Nicoll
*Surveillant, Section de l'économie appliquée, Planification et renseignements
Ministère de l'Industrie et du Commerce*
- M. P. G. Horcica
*Adjoint spécial du Ministre
Ministère de l'Industrie et du Commerce*
- M. F. Sparrow
Surintendant des directions du Trésor
- M. R. H. Cronkhite
*Ingénieur en chef
Ministère de la Voirie et des Transports*
- M. J. P. Clarke
*Chef de cabinet du Ministre
Ministère de la Voirie et des Transports*
- M. V. G. Hamm
Responsable principal des Affaires intergouvernementales
- M^{me} Oryssia Lennie
Responsable principal des Affaires intergouvernementales
- M. Wayne Clifford
*Chef de cabinet
Ministère des Affaires fédérales et intergouvernementales*
- M^{lle} Gail Armstrong
Adjointe de recherche du Premier ministre

MANITOBA

- L'honorable EDWARD SCHREYER
Premier ministre
- L'honorable Saul Cherniack, c.r.
Ministre des Finances
- L'honorable Sidney Green
Ministre des Mines, des Ressources et de la Gestion de l'environnement
- L'honorable Sam Uskiw
Ministre de l'Agriculture
- L'honorable Leonard Evans
Ministre de l'Industrie et du Commerce

Conseillers

- M. D. R. C. Bedson
Greffier du Conseil exécutif
- M. Marc Eliesen
Secrétaire du comité du Cabinet chargé de la planification et des priorités
- M. Wilson D. Parasiuk
Secrétaire adjoint du comité du Cabinet chargé de la planification et des priorités
- M. Stuart Anderson
Sous-ministre des Finances
- M. Leonard Remis
Sous-ministre de l'Industrie et du Commerce
- M. Murray Cormack
*Sous-ministre
Ministère de l'Agriculture*
- M. William P. Janssen
*Directeur
Secrétariat de la planification
Ministère de l'Agriculture*
- M. Charles C. Hunt
Conseiller spécial du ministre de l'Agriculture
- M. James R. Eldridge
*Directeur
Relations fédérales-provinciales et recherche
Ministère des Finances*
- M. G. A. Torgerson
*Économiste principal chargé de la recherche
Direction des réseaux de transport et de distribution
Ministère de l'Industrie et du Commerce*
- M. D. A. Schaefer
*Économiste principal chargé de la recherche
Direction des réseaux de transport et de distribution
Ministère de l'Industrie et du Commerce*
- M. George Ford
*Directeur
Planification et élaboration des politiques
Ministère des Affaires du Nord*

SASKATCHEWAN

- L'honorable ALLAN BLAKENY
Premier ministre
- L'honorable Roy Romanow
Procureur général et Ministre chargé des Transports
- L'honorable John R. Messer
Ministre de l'Agriculture
- L'honorable Kim Thorson
*Ministre de l'Industrie et du Commerce et
Ministre des Ressources minières*
- L'honorable Elwood Cowley
Ministre des Finances

Conseillers

- M. Jack Kinzel
Chef de cabinet du Premier ministre
- M. J. G. Gartner
Agent en chef de la planification

- M. J. I. Guest
Conseiller technique sur les transports
- M. Keith Setter
*Agent de recherche
Ministère du Procureur général*
- M. Doug McArthur
Sous-ministre de l'Agriculture
- M. A. J. Webster
Sous-ministre adjoint de l'Agriculture
- M. W. H. Horner
*Conseiller administratif
Manutention et transport des grains*
- M. D. Saddlemeyer
Sous-ministre, Ministère de l'Industrie et du Commerce
- M. A. Svetkov
Ministère de l'Industrie et du Commerce
- M. Jim Cochrane
*Coordonnateur, projets spéciaux
Ministère de l'Agriculture*
- M. Roy Lloyd
Sous-ministre adjoint, Ministère des Finances
- M. John W. Stewart
Ministère des Finances
- M. Bruce Lawson
Agent de presse

COLOMBIE-BRITANNIQUE

- L'honorable DAVID BARRETT
Premier ministre
- L'honorable G. V. Lauk
Ministre de l'Expansion industrielle et du Commerce
- L'honorable D. D. Stupich
Ministre de l'Agriculture
- L'honorable R. M. Strachan
Ministre des Transports commerciaux et des Communications
- L'honorable G. R. Lea
Ministre de la Voirie
- L'honorable Robert Williams
Ministre des Terres, des Forêts et des Ressources hydrauliques

Conseillers

- M. J. H. Wood
Adjoint exécutif du Premier ministre
- M. J. M. Twigg
Secrétaire de presse du Premier ministre
- M. H. G. Beech
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